



City of Kingsburg

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Michelle Roman
Mayor

Laura North
Mayor Pro Tem

COUNCIL MEMBERS
Sherman Dix
Vince Palomar
Jewel Hurtado

Alexander J. Henderson
City Manager

CITY OF KINGSBURG FINANCE COMMITTEE REGULAR MEETING

AGENDA

September 24, 2019

6:00 p.m.

**KINGSBURG CITY COUNCIL CHAMBER
1401 DRAPER STREET**

1. **Call to order** – Chairman Sherman Dix
2. **Public Comments** - Any person may directly address the Committee at this time on any item not on the agenda, or on any item that is within the subject matter jurisdiction of the Committee. A maximum of five minutes is allowed for each speaker.
3. **Approval of Minutes** –Approve minutes from the August 27, 2019 Finance Committee Meeting as prepared by City Clerk Abigail Palsgaard.
4. **Measure E Update – FY2019**
Possible Action(s):
 - a. Presentation by City Manager Alexander Henderson
 - b. Committee Discussion
 - c. Action as deemed appropriate
5. **CalPERS Additional Discretionary Payments**
Possible Action(s):
 - a. Presentation by City Manager Alexander Henderson
 - b. Committee Discussion
 - c. Action as deemed appropriate
6. **Other Business**
7. **Adjourn** - to the next regular meeting of the City of Kingsburg Finance Committee.

**Kingsburg Finance Committee
Regular Meeting Minutes
August 27, 2019**

Call to order: Chairman Sherman Dix called the meeting to order at 6pm.

Members present: Michelle Roman, Alexander Henderson, Alma Colado, and Sherman Dix.

Members absent: None.

Staff present: City Clerk Abigail Palsgaard.

Public Comments: None.

Approval of Minutes

Member Roman motioned to approve minutes from the March 26, 2019 Finance Committee Meeting as prepared by City Clerk Abigail Palsgaard. The motion was seconded by Member Henderson. The motion passed with a unanimous voice vote.

Solid Waste Rate Discussion

City Manager Alexander Henderson discusses a possible solid waste rate increase. Mid Valley is requesting to amend the current contract. Member Dix stated that we don't have an obligation, we are reviewing this in good will. The Committee discussed that there is a CPI increase every year. Member Roman asked why Mid Valley used Bay Area/LA index as their point of reference. Member Henderson said they use the US average right now, there is a Fresno area CPI. The Mid Valley agreement is for 10 years, it started 2014. Member Henderson said he is interested in looking at a rate that reflects the current CPI. Rates last went up in 2009 by 8%. Member Dix asked if we can get their financial information to know that the true impact is. After that we can find out what we want to do, and if we do an increase, there should be some time of concession. Member Henderson said the solid waste fund is in a deficit. Member Colado said she remembers that in Sanger Mid Valley had two bulk pick ups for free for all residents, there were more benefits. Member Roman said we can ask other cities who have Mid Valley and see what they offer.

The committee reviewed the existing contract.

Member Dix said take the CPI from 2009 and see what the rate would be today if the rates went up at the same amount for the last 10 years. The Committee discussed the prop 218 process.

Existing Contracts Review Project

City Manager Alexander Henderson stated that by request of this Committee, Member Colado and Accounts Payable Clerk Grace Reyna have worked on compiling this spreadsheet of existing contracts. Member Roman spoke about how in the past, reviewing contracts have saved money. Member Dix asked what the process is for credit cards, asked if the city absorbing the fee it is a gift of public funds. Member Colado stated that we do not charge for credit card purchases which is \$15,000-\$20,000 of fees every year. She said she had noticed high fees in the building department, we could have a limit and have them pay by check, cash or money order. Member Henderson said we will have to come up with a policy. The Committee discussed the Chamber contract and the possible breach of contract with farmers markets and changing the festivals. They discussed economic development and a downtown business association.

Other Business: None.

Adjourn: The meeting was adjourned to the next regular meeting of the City of Kingsburg Finance Committee at 7:01pm.



Meeting Date: 09/24/2019
Agenda Item: 4

FINANCE COMMITTEE MEETING STAFF REPORT

REPORT TO: Chairman Dix and Committee Members

REPORT FROM: Alexander J. Henderson, City Manager; ICMA-CM

REVIEWED BY: AP

AGENDA ITEM: Measure E Update – FY2019

ACTION REQUESTED: ___Ordinance ___Resolution ✓Motion ___Receive/File

EXECUTIVE SUMMARY

Measure E, a 1% public safety sales tax, was passed by Kingsburg voters with 71% approval on June 5, 2018. The new tax took effect on October 1, 2018, giving the city three (3) full quarters of revenue data. Initial budget projections were conservative and based upon our Bradley-Burns sales tax collection, which is also 1%, but does not include certain sales (auto) and does not collect the full amount on online transactions.

Included in your packet are updated revenue and expenditure figures based upon actual numbers. These figures will be finalized over the coming months as the audit is completed, but this provides the most updated picture on the health of the fund.

A brief highlight of expenditures to date:

Police:

- 3 new officers hired
- 7 new vehicles on order
- Equipment (tasers, rifles, tablets for vehicles)

Fire

- 3 new FF/Medics hired
- New Engine & Necessary tools
- New Radios
- New Personal Protective Equipment

The Measure E oversight committee met during the budget process to discuss expenditures. Both fire and police gave reports on expected plans for the coming year.

RECOMMENDED ACTION BY CITY COUNCIL

1. *Informational only.*

POLICY ALTERNATIVE(S)

1. N/A

STRATEGIC INITIATIVE

1. Ensure Financial Stability

FINANCIAL INFORMATION

FISCAL IMPACT:

- | | |
|------------------------------|---------------|
| 1. Is There A Fiscal Impact? | <u>Yes</u> |
| 2. Is it Currently Budgeted? | <u>Yes</u> |
| 3. If Budgeted, Which Line? | <u>Varies</u> |

PRIOR ACTION/REVIEW

Council discussed Measure E activities during the regular budget process. The Measure E fund is approved in conjunction with the full budget.

BACKGROUND INFORMATION

See Executive Summary.

ATTACHED INFORMATION

1. Measure E Fund Spreadsheet
2. Sales & Use Tax Revenue Forecast

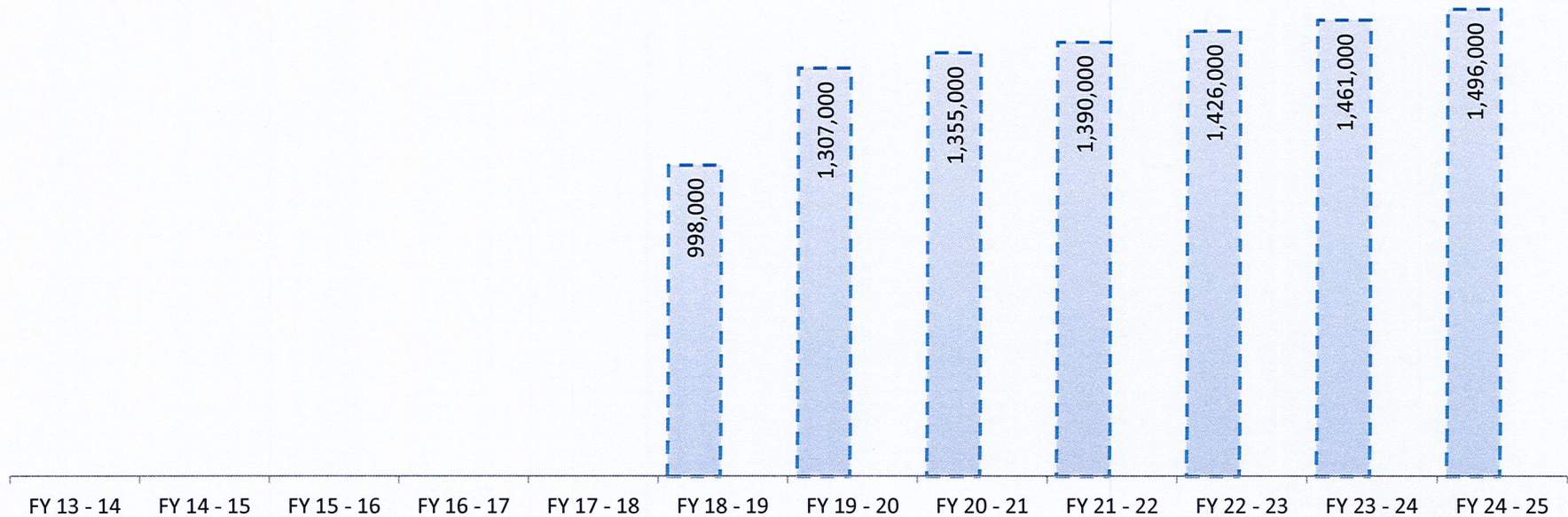
CITY OF KINGSBURG
MEASURE E FUNDS
BUDGET PREPARATION WORKSHEET - REVENUE & EXPENSES
FOR FISCAL YEAR 2019-20

ACCOUNT NUMBER	ACCOUNT DESCRIPTION	FY 18/19	FY 18/19	FY 18/19	FY 19/20	Percent
		BUDGETED	AS OF 3/31/19	ACTUAL	BUDGETED	Change
MEASURE E - REVENUES						
106-0000-404-0400	MEASURE E	\$ 651,033	\$ 389,455	\$ 1,144,067	\$ 1,289,190	12.68%
106-0000-404-0401	TRANSFER TO MEASURE E	\$ 550,000				
106-0000-404-04XX	FIRE MARSHAL SERVICES	\$ -	\$ -	\$ -	\$ 14,000	
	TOTAL MEASURE E REVENUE	\$ 1,201,033	\$ 389,455	\$ 1,144,067	\$ 1,303,190	13.91%
MEASURE E POLICE						
106-3400-549-5101	SALARIES	\$ 135,167	\$ 89,403	\$ 122,938	\$ 192,764	56.80%
106-3400-549-5106	OVERTIME	\$ -	\$ 10,127	\$ 13,757	\$ 40,000	190.75%
106-3400-549-5121	FICA	\$ 9,975	\$ 4,466	\$ 7,275	\$ 22,659	211.49%
106-3400-549-5123	PERS	\$ 15,308	\$ 8,967	\$ 13,014	\$ 24,736	90.07%
106-3400-549-5125	MEDICAL	\$ 9,354	\$ 3,137	\$ 5,033	\$ 9,104	80.88%
106-3400-549-5127	WORKERS COMP	\$ 11,150	\$ 8,159	\$ 11,150	\$ 17,058	52.99%
106-3400-549-5129	UNIFORM ALLOWANCE	\$ 2,200	\$ 2,000	\$ 2,000	\$ 3,000	50.00%
106-3400-549-5131	EAP	\$ 34	\$ 24	\$ 35	\$ 37	5.00%
106-3400-549-5133	LIFE INSURANCE	\$ 90	\$ 54	\$ 75	\$ 108	43.54%
	TOTAL WAGES & BENEFITS	\$ 183,277	\$ 126,336	\$ 175,277	\$ 309,466	76.56%
106-3400-549-5208	SAFETY EQUIPMENT	\$ -	\$ 7,393	\$ 7,393	\$ 3,000	-59.42%
106-3400-549-5209	SCREENING PERSONNEL	\$ -	\$ -	\$ -	\$ 5,000	
106-3400-549-5210	DEPT TOOLS (weapons,flares,etc)	\$ -	\$ -	\$ -	\$ 2,400	
106-3400-549-5216	COMMUNICATIONS	\$ -	\$ -	\$ -	\$ 900	
106-3400-549-5222	VEHICLE MAINTENANCE	\$ -	\$ -	\$ -	\$ 5,600	
106-3400-549-5224	FUELS	\$ -	\$ -	\$ 6,769	\$ 12,000	77.27%
106-3400-549-5226	EQUIPMENT MAINTENANCE	\$ -	\$ -	\$ -	\$ 1,500	
106-3400-549-5261	LIABILITY INSURANCE	\$ 3,162	\$ 2,244	\$ 3,265	\$ 4,789	46.68%
106-3400-549-5262	PROPERTY INSURANCE	\$ 451	\$ 320	\$ 466	\$ 726	55.85%
106-3400-549-5263	VEHICLE INSURANCE	\$ 627	\$ 558	\$ 744	\$ 2,716	265.05%
106-3400-549-5264	ERMA	\$ 691	\$ 490	\$ 713	\$ 1,497	109.95%
106-3400-549-5265	RISK MGT/RMA ADMIN FEES	\$ 307	\$ 218	\$ 317	\$ 404	27.57%
106-3400-549-5296	TRAINING & EDUCATION	\$ 10,000	\$ -	\$ -	\$ 5,000	
	TOTAL MAINT. & OPERATIONS	\$ 15,238	\$ 3,830	\$ 19,667	\$ 37,532	90.84%
106-3400-549-5701	CAPITAL OUTLAY	\$ 210,000	\$ -	\$ 3,677	\$ -	-100.00%
106-3400-549-5715	POLICE PATROL CARS	\$ -	\$ -	\$ -	\$ 420,000	
106-3400-549-5753	COMPUTERS-MONITORS/TABLETS	\$ -	\$ -	\$ -	\$ 69,000	
106-3400-549-5505	DEBT SERVICE TO GF	\$ -	\$ -	\$ -	\$ -	
106-3400-549-5706	TOTAL CAPITAL OUTLAY	\$ 210,000	\$ -	\$ 3,677	\$ 489,000	13199.90%
	TOTAL, POLICE EXP	\$ 408,515	\$ 130,166	\$ 198,621	\$ 835,998	320.90%
MEASURE E FIRE						
106-6200-549-5101	SALARIES	\$ 77,546	\$ 9,188	\$ 61,324	\$ 165,673	170.16%
106-6200-549-5102	PART TIME	\$ -	\$ -	\$ -	\$ 90,000	
106-6200-549-5106	OVERTIME	\$ -	\$ -	\$ 3,685	\$ -	
106-6200-549-5121	FICA	\$ 5,493	\$ 685	\$ 4,845	\$ 12,303	153.96%
106-6200-549-5123	PERS	\$ 9,415	\$ 1,046	\$ 7,392	\$ 29,919	304.72%
106-6200-549-5125	MEDICAL	\$ 13,500	\$ 1,500	\$ 9,026	\$ 28,041	210.67%
106-6200-549-5127	WORKERS COMP	\$ 25,864	\$ 2,874	\$ 8,811	\$ 27,633	213.61%
106-6200-549-5129	UNIFORM ALLOWANCE	\$ 3,000	\$ 3,758	\$ 5,053	\$ 6,000	18.74%
106-6200-549-5131	EAP	\$ 91	\$ 9	\$ 30	\$ 85	178.87%
106-6200-549-5133	LIFE INSURANCE	\$ 108	\$ 12	\$ 66	\$ 108	63.24%
	TOTAL WAGES & BENEFITS	\$ 135,017	\$ 19,072	\$ 100,234	\$ 359,763	258.92%
106-6200-549-5210	DEPT TOOLS & SUPPLIES	\$ -	\$ -	\$ -	\$ 18,000	
106-6200-549-5224	FUELS	\$ -	\$ -	\$ -	\$ -	
106-6200-549-5261	LIABILITY INSURANCE	\$ 8,604	\$ 717	\$ 2,868	\$ 8,192	185.60%
106-6200-549-5262	PROPERTY INSURANCE	\$ 1,228	\$ 136	\$ 409	\$ 1,242	203.38%
106-6200-549-5263	VEHICLE INSURANCE	\$ 795	\$ 88	\$ 265	\$ 2,309	770.85%
106-6200-549-5264	ERMA	\$ 1,879	\$ 209	\$ 626	\$ 2,561	308.71%
106-6200-549-5265	RISK MGT/RMA ADMIN FEES	\$ 835	\$ 93	\$ 278	\$ 690	148.14%
106-6200-549-5270	PROFESSIONAL SERVICES	\$ -	\$ -	\$ 1,200	\$ 20,000	
106-6200-549-5296	TRAINING & EDUCATION	\$ 3,000	\$ 1,885	\$ 1,885	\$ 5,000	165.25%
	TOTAL MAINT. & OPERATIONS	\$ 16,342	\$ 3,128	\$ 7,532	\$ 57,993	669.93%
106-6200-549-5701	CAPITAL OUTLAY-NEW ENGINE	\$ 623,000	\$ 219,342	\$ 591,320	\$ 10,000	-98.31%
106-6200-549-5710	RADIOS AND EQUIPMENT	\$ -	\$ -	\$ -	\$ 30,000	
106-6200-549-5711	SCBA REFILLING STATION	\$ -	\$ -	\$ -	\$ 15,000	
106-6200-549-5712	PROTECTIVE CLOTHING	\$ -	\$ -	\$ 8,126	\$ 8,000	
106-6200-549-5713	FE SIMULATOR (TRAINING PROP)	\$ -	\$ -	\$ -	\$ -	
106-6200-549-5505	DEBT SERVICE TO GF	\$ -	\$ -	\$ -	\$ -	
	TOTAL CAPITAL OUTLAY	\$ 623,000	\$ 219,342	\$ 599,446	\$ 63,000	-89.49%
	TOTAL, FIRE/EMS EXP	\$ 774,359	\$ 241,542	\$ 707,212	\$ 480,756	-32.02%
	TOTAL, MEASURE E	\$ 1,182,874	\$ 371,708	\$ 905,832	\$ 1,316,753	45.36%
	Projected Fund Balance (Each Year)	\$ 18,159		\$ 238,235	\$ (13,563)	
	Total Fund Balance (June 30, 2020)					\$ 224,672

Kingsburg T&UT 1% Sales & Use Tax Forecast Summary

Accrual through August Clean-up

Voter Approved	FY 17 - 18	FY 18 - 19	FY 19 - 20	FY 20 - 21	FY 21 - 22	FY 22 - 23	FY 23 - 24	FY 24 - 25
Cash Projection	0	998,000	1,307,000	1,355,000	1,390,000	1,426,000	1,461,000	1,496,000
Percent Change			31.0%	3.7%	2.6%	2.6%	2.5%	2.4%
	0	0	CDTFA "Extra June Advance" Received Aug '18 for unprocessed 2018Q1 sales tax returns					
Final Cash Projection	0	998,000	1,307,000	1,355,000	1,390,000	1,426,000	1,461,000	1,496,000
			31.0%	3.7%	2.6%	2.6%	2.5%	2.4%
	1	(1)	Balance of Estimated 2018Q1 & 2018Q2 unprocessed sales tax returns					
Normalized								
for Missing Payments	1	997,999	1,307,000	1,355,000	1,390,000	1,426,000	1,461,000	1,496,000
			31.0%	3.7%	2.6%	2.6%	2.5%	2.4%





Meeting Date: 09/24/2019
Agenda Item: 5

FINANCE COMMITTEE MEETING STAFF REPORT

REPORT TO: Chairman Dix and Committee Members

REPORT FROM: Alexander J. Henderson, City Manager; ICMA-CM

REVIEWED BY: AP

AGENDA ITEM: CalPERS Additional Discretionary Payments

ACTION REQUESTED: ☐ Ordinance ☐ Resolution ☒ Motion ☐ Receive/File

EXECUTIVE SUMMARY

The City contracts with CalPERS for pension administration and has an annual contribution requirement that is derived from normal costs as well as an unfunded actuarial liability (UAL). The sum of these makes our total annual contribution.

In 2018, the City contracted with a private consultant firm, Bartel & Associates, to provide actuarial analysis (included for your review) of the City's obligations for the six plans we maintain with CalPERS. Those plans include:

- Classic Miscellaneous Employees
- Classic Police Safety Employees
- Classic Fire Safety Employees
- PEPRA Miscellaneous Employees
- PEPRA Safety Police Employees
- PEPRA Safety Fire Employees

While the report figures are now slightly dated (based upon 6/30/16 actuarial data), they help provide a long-term framework of what our contributions will look like. In fact, if you compare the data to actuals provided through the 2017 and 2018 valuations, our contributions have been very close to the predicted obligations in the report.

One of the main tools that can be utilized to minimize our long-term liability is an "Additional Discretionary Payment" or ADP. The ADP principle is similar to making additional payments on your home mortgage, reducing your long-term interest payments. Of course, because PERS investments are predicated on return on investment, there is less certainty than a fixed-rate home mortgage.

In order to address the looming issue related to a steady increase in PERS payments, council created a policy that utilizes surplus monies to self-fund future obligations. Currently, the city's UAL fund has a balance of \$2,352,240. Our long-term liability is ~\$7,000,000. Most of this funding came from one-time revenues (sale of property), as well as utilizing the new policy that allocates 70% of surplus to this fund. Staff expects this fund to grow after the completion of the 2019 audit, which will determine the final surplus from FY2019. Staff estimates an additional ~\$400,000 will be added to the UAL fund. CalPERS has provided useful worksheets based upon 2018 actuarial data (the most recent) that allows cities to predict what long-term savings could be possible through the use of ADP. Staff has utilized the worksheets and worked closely with our CalPERS actuarial representative to select funds (each plan is made up of a series of funds), in order maximize our ADP. Staff is proposing the following ADPs be made this fall.

- Classic Miscellaneous Employees
 - \$300,000 ADP towards 2016 Asset Gain/Loss: Savings of \$447,511
- Classic Police Safety Employees
 - \$300,000 ADP towards 2016 Asset Gain/Loss: Savings of \$437,992
- Classic Fire Safety Employees
 - \$192,550 towards 2016 Asset Gain/Loss: Savings of \$263,842 (pays off fund)
 - \$57,450 towards 2015 Asset Gain/Loss: Savings of \$80,388

Staff is recommending higher amounts for the Misc. and Police plans due to their higher overall liability payments. This is because the Fire Safety plan has been in existence for a shorter period. With the above scenario, the City would make ADP totaling \$850,000 in early October, resulting in an estimated interest savings totaling \$1,229,733 (~44% ROI), or approximately 17.5% of our outstanding UAL. Payments of \$850,000 would reduce the city's UAL fund to \$1,502,240, prior to any adjustments made after the audit is complete.

RECOMMENDED ACTION BY CITY COUNCIL

1. *Staff recommends the committee make a recommendation to the full council to direct staff to move ahead with Additional Discretionary Payments for the funds as outlined in this report.*

POLICY ALTERNATIVE(S)

1. The committee could alter the proposed amounts prior to making recommendation to the full council.

STRATEGIC INITIATIVE

1. Ensure Financial Stability

FINANCIAL INFORMATION

FISCAL IMPACT:

- | | |
|------------------------------|---------------|
| 1. Is There A Fiscal Impact? | <u>Yes</u> |
| 2. Is it Currently Budgeted? | <u>Yes</u> |
| 3. If Budgeted, Which Line? | <u>Varies</u> |

PRIOR ACTION/REVIEW

Council discussed the CalPERS obligations during the 2019-2020 budget adoption process. Council has also created a fund to help address long-term liabilities.

BACKGROUND INFORMATION

See Executive Summary.

ATTACHED INFORMATION

1. CalPERS ADP Spreadsheets with proposed ADP payments
2. 2018 Bartel & Associates Actuarial Report

Agency: CITY OF KINGSBURG MISCELLANEOUS PLAN
Rate Plan ID: 1347

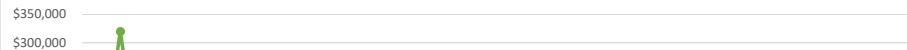
Remaining Period	Amortization Method	2019-20 ADP Amount	Amortization Base	Payment Date
28	RAMPED			
Total Payments	\$ 1,345,752	\$ 300,000	ASSET (GAIN)/LOSS 2016	10/3/2019
Interest Paid	\$ 746,672			

ASSET (GAIN)/LOSS 2016 Prior to ADP			Total ADP (Valued Mid-year)	ASSET (GAIN)/LOSS 2016 After ADP		
Year	Balance	Payment		Balance	Payment	
2018-19	\$ 544,597	\$ 7,557		\$ 544,597	\$ 7,557	
2019-20	\$ 574,902	\$ 15,531	\$ 304,952	\$ 574,902	\$ 15,531	
2020-21	\$ 599,080	\$ 23,543		\$ 283,635	\$ 11,146	
2021-22	\$ 616,662	\$ 32,254	\$ -	\$ 291,960	\$ 15,271	
2022-23	\$ 626,465	\$ 41,426	\$ -	\$ 296,601	\$ 19,613	
2023-24	\$ 627,466	\$ 42,565	\$ -	\$ 297,075	\$ 20,153	
2024-25	\$ 627,358	\$ 43,736	\$ -	\$ 297,024	\$ 20,707	
2025-26	\$ 626,033	\$ 44,939	\$ -	\$ 296,396	\$ 21,276	
2026-27	\$ 623,370	\$ 46,174	\$ -	\$ 295,136	\$ 21,861	
2027-28	\$ 619,243	\$ 47,444	\$ -	\$ 293,182	\$ 22,463	
2028-29	\$ 613,513	\$ 48,749	\$ -	\$ 290,469	\$ 23,080	
2029-30	\$ 606,033	\$ 50,090	\$ -	\$ 286,927	\$ 23,715	
2030-31	\$ 596,642	\$ 51,467	\$ -	\$ 282,481	\$ 24,367	
2031-32	\$ 585,169	\$ 52,882	\$ -	\$ 277,049	\$ 25,037	
2032-33	\$ 571,428	\$ 54,337	\$ -	\$ 270,544	\$ 25,726	
2033-34	\$ 555,222	\$ 55,831	\$ -	\$ 262,871	\$ 26,433	
2034-35	\$ 536,336	\$ 57,366	\$ -	\$ 253,929	\$ 27,160	
2035-36	\$ 514,539	\$ 58,944	\$ -	\$ 243,609	\$ 27,907	
2036-37	\$ 489,585	\$ 60,565	\$ -	\$ 231,795	\$ 28,675	
2037-38	\$ 461,207	\$ 62,230	\$ -	\$ 218,359	\$ 29,463	
2038-39	\$ 429,120	\$ 63,942	\$ -	\$ 203,168	\$ 30,273	
2039-40	\$ 393,017	\$ 65,700	\$ -	\$ 186,074	\$ 31,106	
2040-41	\$ 352,567	\$ 67,507	\$ -	\$ 166,924	\$ 31,961	
2041-42	\$ 307,417	\$ 69,363	\$ -	\$ 145,547	\$ 32,840	
2042-43	\$ 257,186	\$ 71,271	\$ -	\$ 121,765	\$ 33,743	
2043-44	\$ 201,466	\$ 73,231	\$ -	\$ -	\$ -	
2044-45	\$ 139,819	\$ 60,196	\$ -	\$ -	\$ -	
2045-46	\$ -	\$ -	\$ -	\$ -	\$ -	
2046-47	\$ -	\$ -	\$ -	\$ -	\$ -	
2047-48	\$ -	\$ -	\$ -	\$ -	\$ -	
2048-49	\$ -	\$ -	\$ -	\$ -	\$ -	
2049-50	\$ -	\$ -	\$ -	\$ -	\$ -	

Total Payments	\$ 5,262,351	Total Payments	\$ 4,814,841	\$ (447,511)
Interest Paid	\$ 2,419,692	Interest Paid	\$ 1,972,181	

Original Schedule		Schedule with ADP		Contribution Difference
Balance	Payment	Balance	Payment	
\$ 2,814,632	\$ 158,952	\$ 2,814,632	\$ 158,952	\$ -
\$ 2,847,232	\$ 197,097	\$ 2,847,232	\$ 197,097	\$ 300,000
\$ 2,842,660	\$ 228,972	\$ 2,527,215	\$ 216,576	\$ (12,397)
\$ 2,804,795	\$ 258,766	\$ 2,480,092	\$ 241,783	\$ (16,983)
\$ 2,733,461	\$ 225,304	\$ 2,403,597	\$ 203,491	\$ (21,813)
\$ 2,691,747	\$ 238,728	\$ 2,361,356	\$ 216,315	\$ (22,413)
\$ 2,633,227	\$ 253,232	\$ 2,302,893	\$ 230,203	\$ (23,029)
\$ 2,555,608	\$ 260,196	\$ 2,225,972	\$ 236,533	\$ (23,662)
\$ 2,465,352	\$ 267,351	\$ 2,137,118	\$ 243,038	\$ (24,313)
\$ 2,361,377	\$ 274,703	\$ 2,035,316	\$ 249,721	\$ (24,982)
\$ 2,242,518	\$ 282,257	\$ 1,919,474	\$ 256,589	\$ (25,669)
\$ 2,107,525	\$ 290,020	\$ 1,788,420	\$ 263,645	\$ (26,375)
\$ 1,955,053	\$ 297,995	\$ 1,640,893	\$ 270,895	\$ (27,100)
\$ 1,783,659	\$ 306,190	\$ 1,475,539	\$ 278,345	\$ (27,845)
\$ 1,591,789	\$ 301,752	\$ 1,290,905	\$ 273,142	\$ (28,611)
\$ 1,391,079	\$ 296,839	\$ 1,098,728	\$ 267,442	\$ (29,398)
\$ 1,181,402	\$ 286,546	\$ 898,995	\$ 256,340	\$ (30,206)
\$ 967,694	\$ 269,874	\$ 696,765	\$ 238,837	\$ (31,037)
\$ 756,273	\$ 240,130	\$ 498,483	\$ 208,240	\$ (31,890)
\$ 560,820	\$ 141,029	\$ 317,972	\$ 108,262	\$ (32,767)
\$ 454,196	\$ 120,800	\$ 228,244	\$ 87,132	\$ (33,668)
\$ 361,033	\$ 104,942	\$ 154,091	\$ 70,348	\$ (34,594)
\$ 277,753	\$ 94,522	\$ 92,109	\$ 58,977	\$ (35,546)
\$ 199,420	\$ 73,274	\$ 37,551	\$ 36,751	\$ (36,523)
\$ 137,585	\$ 69,996	\$ 2,164	\$ 2,238	\$ (67,758)
\$ 74,811	\$ 55,285	\$ -	\$ -	\$ (55,285)
\$ 22,861	\$ 23,648	\$ -	\$ -	\$ (23,648)
\$ -	\$ -	\$ -	\$ -	\$ -
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ASSET (GAIN)/LOSS 2016 Prior to ADP ASSET (GAIN)/LOSS 2016 After ADP

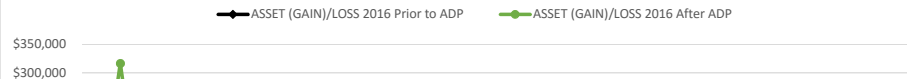


Agency: CITY OF KINGSBURG SAFETY POLICE PLAN
Rate Plan ID: 23095

Remaining Period	Amortization Method	2019-20 ADP Amount	Amortization Base	Payment Date
28	RAMPED			
Total Payments	\$ 1,038,012	\$ 300,000	ASSET (GAIN)/LOSS 2016	10/3/2019
Interest Paid	\$ 575,927			

ASSET (GAIN)/LOSS 2016 Prior to ADP			Total ADP (Valued Mid-year)	ASSET (GAIN)/LOSS 2016 After ADP		
Year	Balance	Payment		Balance	Payment	
2018-19	\$ 420,061	\$ 5,829		\$ 420,061	\$ 5,829	
2019-20	\$ 443,436	\$ 11,979	\$ 304,952	\$ 443,436	\$ 11,979	
2020-21	\$ 462,085	\$ 18,159	\$ -	\$ 146,641	\$ 5,763	
2021-22	\$ 475,647	\$ 24,878	\$ -	\$ 150,945	\$ 7,895	
2022-23	\$ 483,208	\$ 31,953	\$ -	\$ 153,344	\$ 10,140	
2023-24	\$ 483,980	\$ 32,832	\$ -	\$ 153,589	\$ 10,419	
2024-25	\$ 483,897	\$ 33,735	\$ -	\$ 153,563	\$ 10,706	
2025-26	\$ 482,875	\$ 34,662	\$ -	\$ 153,238	\$ 11,000	
2026-27	\$ 480,821	\$ 35,616	\$ -	\$ 152,587	\$ 11,302	
2027-28	\$ 477,638	\$ 36,595	\$ -	\$ 151,576	\$ 11,613	
2028-29	\$ 473,218	\$ 37,601	\$ -	\$ 150,174	\$ 11,933	
2029-30	\$ 467,448	\$ 38,635	\$ -	\$ 148,343	\$ 12,261	
2030-31	\$ 460,205	\$ 39,698	\$ -	\$ 146,044	\$ 12,598	
2031-32	\$ 451,355	\$ 40,790	\$ -	\$ 143,236	\$ 12,944	
2032-33	\$ 440,757	\$ 41,911	\$ -	\$ 139,873	\$ 13,300	
2033-34	\$ 428,257	\$ 43,064	\$ -	\$ 135,906	\$ 13,666	
2034-35	\$ 413,689	\$ 44,248	\$ -	\$ 131,283	\$ 14,042	
2035-36	\$ 396,877	\$ 45,465	\$ -	\$ 125,947	\$ 14,428	
2036-37	\$ 377,629	\$ 46,715	\$ -	\$ 119,839	\$ 14,825	
2037-38	\$ 355,741	\$ 48,000	\$ -	\$ 112,893	\$ 15,233	
2038-39	\$ 330,991	\$ 49,320	\$ -	\$ 105,039	\$ 15,651	
2039-40	\$ 303,144	\$ 50,676	\$ -	\$ 96,201	\$ 16,082	
2040-41	\$ 271,944	\$ 52,070	\$ -	\$ -	\$ -	
2041-42	\$ 237,119	\$ 53,502	\$ -	\$ -	\$ -	
2042-43	\$ 198,374	\$ 54,973	\$ -	\$ -	\$ -	
2043-44	\$ 155,396	\$ 56,485	\$ -	\$ -	\$ -	
2044-45	\$ 107,846	\$ 46,430	\$ -	\$ -	\$ -	
2045-46	\$ -	\$ -	\$ -	\$ -	\$ -	
2046-47	\$ -	\$ -	\$ -	\$ -	\$ -	
2047-48	\$ -	\$ -	\$ -	\$ -	\$ -	
2048-49	\$ -	\$ -	\$ -	\$ -	\$ -	
2049-50	\$ -	\$ -	\$ -	\$ -	\$ -	

Total Payments	\$ 5,870,819	Total Payments	\$ 5,432,827	\$ (437,992)
Interest Paid	\$ 2,400,788	Interest Paid	\$ 1,962,796	
		Total Savings	\$ 437,992	
Original Schedule		Schedule with ADP		Contribution Difference
Balance	Payment	Balance	Payment	
\$ 3,479,758	\$ 222,307	\$ 3,479,758	\$ 222,307	\$ -
\$ 3,493,385	\$ 258,980	\$ 3,493,385	\$ 258,980	\$ 300,000
\$ 3,470,031	\$ 291,877	\$ 3,154,587	\$ 279,481	\$ (12,397)
\$ 3,411,013	\$ 320,617	\$ 3,086,311	\$ 303,634	\$ (16,983)
\$ 3,318,135	\$ 346,063	\$ 2,988,271	\$ 324,250	\$ (21,813)
\$ 3,192,435	\$ 364,094	\$ 2,862,044	\$ 341,682	\$ (22,413)
\$ 3,039,283	\$ 381,883	\$ 2,708,949	\$ 358,854	\$ (23,029)
\$ 2,857,010	\$ 392,384	\$ 2,527,374	\$ 368,722	\$ (23,662)
\$ 2,651,116	\$ 403,175	\$ 2,322,881	\$ 378,862	\$ (24,313)
\$ 2,419,646	\$ 414,262	\$ 2,093,585	\$ 389,281	\$ (24,982)
\$ 2,160,505	\$ 425,654	\$ 1,837,461	\$ 399,986	\$ (25,669)
\$ 1,871,440	\$ 437,360	\$ 1,552,335	\$ 410,985	\$ (26,375)
\$ 1,550,032	\$ 246,121	\$ 1,235,872	\$ 219,021	\$ (27,100)
\$ 1,403,945	\$ 252,890	\$ 1,095,825	\$ 225,044	\$ (27,845)
\$ 1,240,630	\$ 247,986	\$ 939,745	\$ 219,375	\$ (28,611)
\$ 1,070,955	\$ 242,621	\$ 778,604	\$ 213,223	\$ (29,398)
\$ 894,953	\$ 232,380	\$ 612,546	\$ 202,174	\$ (30,206)
\$ 717,223	\$ 215,343	\$ 446,294	\$ 184,306	\$ (31,037)
\$ 544,676	\$ 185,658	\$ 286,886	\$ 153,767	\$ (31,890)
\$ 390,758	\$ 109,531	\$ 147,910	\$ 76,764	\$ (32,767)
\$ 304,811	\$ 88,905	\$ 78,858	\$ 55,237	\$ (33,668)
\$ 234,183	\$ 72,094	\$ 27,241	\$ 28,178	\$ (43,916)
\$ 176,001	\$ 61,219	\$ -	\$ -	\$ (61,219)
\$ 124,996	\$ 46,977	\$ -	\$ -	\$ (46,977)
\$ 85,153	\$ 45,610	\$ -	\$ -	\$ (45,610)
\$ 43,934	\$ 35,905	\$ -	\$ -	\$ (35,905)
\$ 9,869	\$ 10,209	\$ -	\$ -	\$ (10,209)
\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -
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\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -



Agency: CITY OF KINGSBURG SAFETY FIRE PLAN

Rate Plan ID: 1348

Remaining Period	Amortization Method	2019-20 ADP Amount	Amortization Base	Payment Date
28	RAMPED			
Total Payments	\$ 454,772	\$ 192,550	ASSET (GAIN)/LOSS 2016	10/3/2019
Interest Paid	\$ 252,324			

ASSET (GAIN)/LOSS 2016 Prior to ADP			Total ADP	ASSET (GAIN)/LOSS 2016 After ADP		
Year	Balance	Payment	(Valued Mid-year)	Balance	Payment	
2018-19	\$ 184,036	\$ 2,554		\$ 184,036	\$ 2,554	
2019-20	\$ 194,277	\$ 5,248	\$ 195,728	\$ 194,277	\$ 5,248	
2020-21	\$ 202,448	\$ 7,956	\$ -	\$ (15)	\$ (1)	
2021-22	\$ 208,389	\$ 10,900	\$ -	\$ (15)	\$ (1)	
2022-23	\$ 211,702	\$ 13,999	\$ -	\$ (16)	\$ (1)	
2023-24	\$ 212,040	\$ 14,384	\$ -	\$ (16)	\$ (1)	
2024-25	\$ 212,004	\$ 14,780	\$ -	\$ (16)	\$ (1)	
2025-26	\$ 211,556	\$ 15,186	\$ -	\$ (16)	\$ (1)	
2026-27	\$ 210,656	\$ 15,604	\$ -	\$ (15)	\$ (1)	
2027-28	\$ 209,262	\$ 16,033	\$ -	\$ (15)	\$ (1)	
2028-29	\$ 207,325	\$ 16,474	\$ -	\$ (15)	\$ (1)	
2029-30	\$ 204,797	\$ 16,927	\$ -	\$ (15)	\$ (1)	
2030-31	\$ 201,624	\$ 17,392	\$ -	\$ (15)	\$ (1)	
2031-32	\$ 197,747	\$ 17,871	\$ -	\$ (15)	\$ (1)	
2032-33	\$ 193,104	\$ 18,362	\$ -	\$ (14)	\$ (1)	
2033-34	\$ 187,627	\$ 18,867	\$ -	\$ (14)	\$ (1)	
2034-35	\$ 181,245	\$ 19,386	\$ -	\$ (13)	\$ (1)	
2035-36	\$ 173,879	\$ 19,919	\$ -	\$ (13)	\$ (1)	
2036-37	\$ 165,446	\$ 20,467	\$ -	\$ (12)	\$ (2)	
2037-38	\$ 155,856	\$ 21,030	\$ -	\$ -	\$ -	
2038-39	\$ 145,013	\$ 21,608	\$ -	\$ -	\$ -	
2039-40	\$ 132,813	\$ 22,202	\$ -	\$ -	\$ -	
2040-41	\$ 119,143	\$ 22,813	\$ -	\$ -	\$ -	
2041-42	\$ 103,886	\$ 23,440	\$ -	\$ -	\$ -	
2042-43	\$ 86,911	\$ 24,085	\$ -	\$ -	\$ -	
2043-44	\$ 68,082	\$ 24,747	\$ -	\$ -	\$ -	
2044-45	\$ 47,249	\$ 20,342	\$ -	\$ -	\$ -	
2045-46	\$ -	\$ -	\$ -	\$ -	\$ -	
2046-47	\$ -	\$ -	\$ -	\$ -	\$ -	
2047-48	\$ -	\$ -	\$ -	\$ -	\$ -	
2048-49	\$ -	\$ -	\$ -	\$ -	\$ -	
2049-50	\$ -	\$ -	\$ -	\$ -	\$ -	

Total Payments	\$ 2,589,292	Total Payments	\$ 2,325,450	\$ (263,842)
Interest Paid	\$ 1,055,580	Interest Paid	\$ 791,738	

Original Schedule		Schedule with ADP		Contribution
Balance	Payment	Balance	Payment	Difference
\$ 1,521,993	\$ 88,709	\$ 1,521,993	\$ 88,709	\$ -
\$ 1,536,772	\$ 106,954	\$ 1,536,772	\$ 106,954	\$ 192,550
\$ 1,533,712	\$ 123,274	\$ 1,331,249	\$ 115,317	\$ (7,957)
\$ 1,513,556	\$ 135,930	\$ 1,305,152	\$ 125,029	\$ (10,900)
\$ 1,478,898	\$ 147,359	\$ 1,267,181	\$ 133,359	\$ (14,000)
\$ 1,429,992	\$ 155,483	\$ 1,217,936	\$ 141,097	\$ (14,385)
\$ 1,369,258	\$ 163,391	\$ 1,157,239	\$ 148,610	\$ (14,781)
\$ 1,296,093	\$ 167,884	\$ 1,084,522	\$ 152,697	\$ (15,187)
\$ 1,213,159	\$ 172,501	\$ 1,002,487	\$ 156,896	\$ (15,605)
\$ 1,119,643	\$ 177,245	\$ 910,366	\$ 161,211	\$ (16,034)
\$ 1,014,675	\$ 182,119	\$ 807,334	\$ 165,644	\$ (16,475)
\$ 897,316	\$ 187,128	\$ 692,504	\$ 170,199	\$ (16,928)
\$ 766,562	\$ 192,274	\$ 564,923	\$ 174,880	\$ (17,394)
\$ 621,332	\$ 197,561	\$ 423,571	\$ 179,689	\$ (17,872)
\$ 460,467	\$ 94,290	\$ 267,349	\$ 75,926	\$ (18,363)
\$ 395,165	\$ 92,159	\$ 207,524	\$ 73,291	\$ (18,868)
\$ 327,496	\$ 87,815	\$ 146,238	\$ 68,427	\$ (19,387)
\$ 259,585	\$ 80,237	\$ 85,693	\$ 60,317	\$ (19,920)
\$ 194,758	\$ 66,772	\$ 29,300	\$ 30,308	\$ (36,464)
\$ 139,322	\$ 43,140	\$ -	\$ -	\$ (43,140)
\$ 104,449	\$ 33,191	\$ -	\$ -	\$ (33,191)
\$ 77,428	\$ 24,981	\$ -	\$ -	\$ (24,981)
\$ 57,007	\$ 19,644	\$ -	\$ -	\$ (19,644)
\$ 40,677	\$ 15,432	\$ -	\$ -	\$ (15,432)
\$ 27,562	\$ 15,675	\$ -	\$ -	\$ (15,675)
\$ 13,276	\$ 12,688	\$ -	\$ -	\$ (12,688)
\$ 1,081	\$ 1,119	\$ -	\$ -	\$ (1,119)
\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -

ASSET (GAIN)/LOSS 2016 Prior to ADP ASSET (GAIN)/LOSS 2016 After ADP

\$250,000

Agency: CITY OF KINGSBURG SAFETY FIRE PLAN

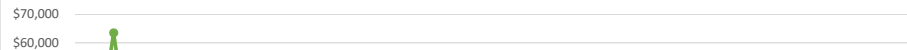
Rate Plan ID: 1348

Remaining Period	Amortization Method	2019-20 ADP Amount	Amortization Base	Payment Date
27	RAMPED			
Total Payments	\$ 295,443	\$ 57,450	ASSET (GAIN)/LOSS 2015	10/3/2019
Interest Paid	\$ 162,322			

ASSET (GAIN)/LOSS 2015 Prior to ADP			Total ADP	ASSET (GAIN)/LOSS 2015 After ADP		
Year	Balance	Payment	(Valued Mid-year)	Balance	Payment	
2018-19	\$ 124,178	\$ 3,351		\$ 124,178	\$ 3,351	
2019-20	\$ 129,404	\$ 5,164	\$ 58,398	\$ 129,404	\$ 5,164	
2020-21	\$ 133,121	\$ 6,963	\$ -	\$ 72,713	\$ 3,803	
2021-22	\$ 135,237	\$ 8,943	\$ -	\$ 73,869	\$ 4,885	
2022-23	\$ 135,453	\$ 9,189	\$ -	\$ 73,987	\$ 5,019	
2023-24	\$ 135,430	\$ 9,441	\$ -	\$ 73,974	\$ 5,157	
2024-25	\$ 135,143	\$ 9,701	\$ -	\$ 73,818	\$ 5,299	
2025-26	\$ 134,569	\$ 9,968	\$ -	\$ 73,504	\$ 5,445	
2026-27	\$ 133,678	\$ 10,242	\$ -	\$ 73,017	\$ 5,594	
2027-28	\$ 132,441	\$ 10,524	\$ -	\$ 72,342	\$ 5,748	
2028-29	\$ 130,826	\$ 10,813	\$ -	\$ 71,460	\$ 5,906	
2029-30	\$ 128,799	\$ 11,110	\$ -	\$ 70,352	\$ 6,069	
2030-31	\$ 126,322	\$ 11,416	\$ -	\$ 68,999	\$ 6,236	
2031-32	\$ 123,356	\$ 11,730	\$ -	\$ 67,379	\$ 6,407	
2032-33	\$ 119,857	\$ 12,052	\$ -	\$ 65,468	\$ 6,583	
2033-34	\$ 115,780	\$ 12,384	\$ -	\$ 63,241	\$ 6,764	
2034-35	\$ 111,075	\$ 12,724	\$ -	\$ 60,671	\$ 6,950	
2035-36	\$ 105,688	\$ 13,074	\$ -	\$ 57,729	\$ 7,141	
2036-37	\$ 99,562	\$ 13,434	\$ -	\$ 54,383	\$ 7,338	
2037-38	\$ 92,635	\$ 13,803	\$ -	\$ 50,599	\$ 7,540	
2038-39	\$ 84,842	\$ 14,183	\$ -	\$ 46,342	\$ 7,747	
2039-40	\$ 76,110	\$ 14,573	\$ -	\$ 41,573	\$ 7,960	
2040-41	\$ 66,363	\$ 14,974	\$ -	\$ 36,249	\$ 8,179	
2041-42	\$ 55,520	\$ 15,385	\$ -	\$ 30,326	\$ 8,404	
2042-43	\$ 43,491	\$ 15,809	\$ -	\$ 23,756	\$ 8,635	
2043-44	\$ 30,183	\$ 12,995	\$ -	\$ -	\$ -	
2044-45	\$ 18,854	\$ 10,014	\$ -	\$ -	\$ -	
2045-46	\$ -	\$ -	\$ -	\$ -	\$ -	
2046-47	\$ -	\$ -	\$ -	\$ -	\$ -	
2047-48	\$ -	\$ -	\$ -	\$ -	\$ -	
2048-49	\$ -	\$ -	\$ -	\$ -	\$ -	
2049-50	\$ -	\$ -	\$ -	\$ -	\$ -	

Total Payments	\$ 2,589,292	Total Payments	\$ 2,508,904	\$ (80,388)
Interest Paid	\$ 1,055,580	Interest Paid	\$ 975,193	
		Total Savings	\$ 80,388	
Original Schedule		Schedule with ADP		Contribution Difference
Balance	Payment	Balance	Payment	
\$ 1,521,993	\$ 88,709	\$ 1,521,993	\$ 88,709	\$ -
\$ 1,536,772	\$ 106,954	\$ 1,536,772	\$ 106,954	\$ 57,450
\$ 1,533,712	\$ 123,274	\$ 1,473,304	\$ 120,114	\$ (3,160)
\$ 1,513,556	\$ 135,930	\$ 1,452,188	\$ 131,872	\$ (4,058)
\$ 1,478,898	\$ 147,359	\$ 1,417,433	\$ 143,190	\$ (4,170)
\$ 1,429,992	\$ 155,483	\$ 1,368,536	\$ 151,198	\$ (4,284)
\$ 1,369,258	\$ 163,391	\$ 1,307,933	\$ 158,989	\$ (4,402)
\$ 1,296,093	\$ 167,884	\$ 1,235,029	\$ 163,361	\$ (4,523)
\$ 1,213,159	\$ 172,501	\$ 1,152,499	\$ 167,854	\$ (4,648)
\$ 1,119,643	\$ 177,245	\$ 1,059,544	\$ 172,470	\$ (4,775)
\$ 1,014,675	\$ 182,119	\$ 955,308	\$ 177,213	\$ (4,907)
\$ 897,316	\$ 187,128	\$ 838,870	\$ 182,086	\$ (5,042)
\$ 766,562	\$ 192,274	\$ 709,240	\$ 187,093	\$ (5,180)
\$ 621,332	\$ 197,561	\$ 565,356	\$ 192,238	\$ (5,323)
\$ 460,467	\$ 94,290	\$ 406,078	\$ 88,821	\$ (5,469)
\$ 395,165	\$ 92,159	\$ 342,626	\$ 86,540	\$ (5,620)
\$ 327,496	\$ 87,815	\$ 277,093	\$ 82,041	\$ (5,774)
\$ 259,585	\$ 80,237	\$ 211,626	\$ 74,304	\$ (5,933)
\$ 194,758	\$ 66,772	\$ 149,579	\$ 60,676	\$ (6,096)
\$ 139,322	\$ 43,140	\$ 97,285	\$ 36,877	\$ (6,264)
\$ 104,449	\$ 33,191	\$ 65,950	\$ 26,755	\$ (6,436)
\$ 77,428	\$ 24,981	\$ 42,891	\$ 18,369	\$ (6,613)
\$ 57,007	\$ 19,644	\$ 26,893	\$ 12,850	\$ (6,795)
\$ 40,677	\$ 15,432	\$ 15,483	\$ 8,450	\$ (6,982)
\$ 27,562	\$ 15,675	\$ 7,826	\$ 8,096	\$ (7,580)
\$ 13,276	\$ 12,688	\$ -	\$ -	\$ (12,688)
\$ 1,081	\$ 1,119	\$ -	\$ -	\$ (1,119)
\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -

ASSET (GAIN)/LOSS 2015 Prior to ADP ASSET (GAIN)/LOSS 2015 After ADP





BARTTEL
ASSOCIATES, LLC

CITY OF KINGSBURG
MISCELLANEOUS AND SAFETY PLANS

CalPERS Actuarial Issues – 6/30/16 Valuation
Preliminary Results

Doug Pryor, Vice President
Bianca Lin, Assistant Vice President
Wai Man Yam, Actuarial Analyst
Bartel Associates, LLC

January 9, 2018

Agenda

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Police Safety Plan:	
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HOW WE GOT HERE

- Investment Losses
- Enhanced Benefits
- CalPERS Contribution Policy
- Demographics

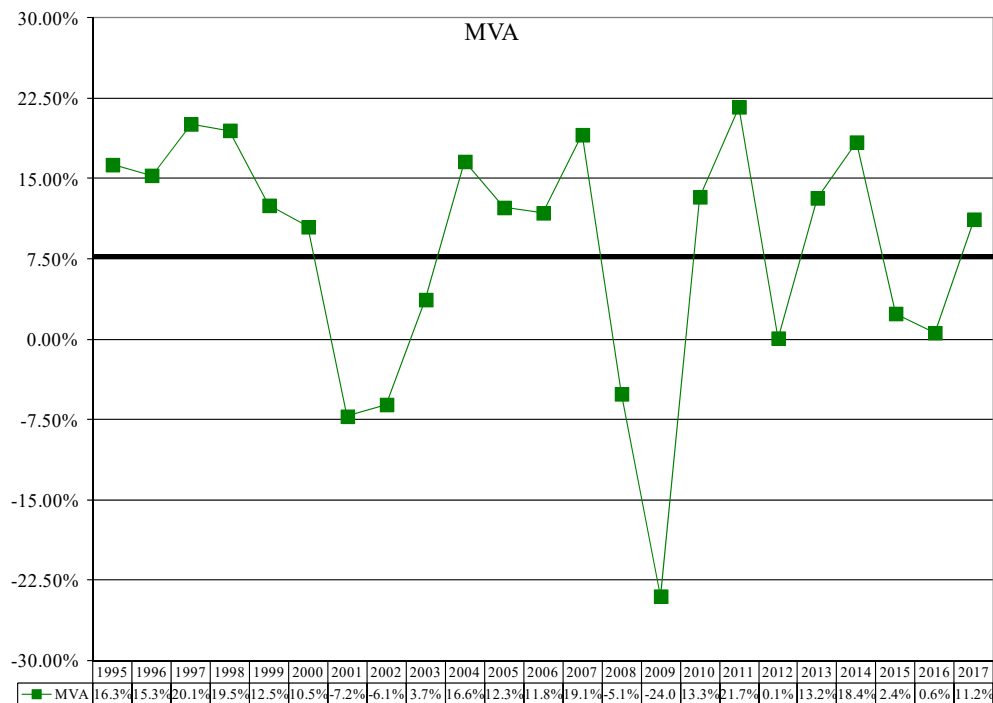


January 9, 2018

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HOW WE GOT HERE – INVESTMENT RETURN



Above assumes contributions, payments, etc. received evenly throughout year.



January 9, 2018

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HOW WE GOT HERE – ENHANCED BENEFITS

- At CalPERS, Enhanced Benefits implemented using all (future & prior) service
- Typically not negotiated with cost sharing

■ City	Tier 1	PEPRA
● Miscellaneous	2%@55 FAE3	2%@62 FAE3
● Police Safety	3%@55 FAE3	2.7%@57 FAE3
● Fire Safety	3%@55 FAE3	2.7%@57 FAE3

- Note:
 - ☐ FAE1 is highest one year (typically final) average earnings
 - ☐ FAE3 is highest three years (typically final three) average earnings



January 9, 2018

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HOW WE GOT HERE – OLD CONTRIBUTION POLICY

- Effective with 2003 valuations:
 - Slow (15 year) recognition of investment losses into funded status
 - Rolling 30 year amortization of all (primarily investment) losses
- Designed to:
 - First smooth rates and
 - Second pay off UAL
- Mitigated contribution volatility



January 9, 2018

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HOW WE GOT HERE – DEMOGRAPHICS

- Around the State
 - Large retiree liability compared to actives
 - Declining active population
- City percentage of liability belonging to retirees:
 - Miscellaneous 60%
 - Police Safety 48%
 - Fire Safety 27%



January 9, 2018

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CALPERS CHANGES

- Contribution policy changes:
 - No asset smoothing
 - No rolling amortization
 - 5-year ramp up
 - Included in 6/30/13 valuation (first impact 15/16 rates; full impact 19/20)
- Assumption changes:
 - Anticipate future mortality improvement
 - Other, less significant, changes
 - Included in 6/30/14 valuation (first impact 16/17 rates; full impact 20/21)
- CalPERS Board will change their discount rate:

	<u>Rate</u>	<u>Initial</u>	<u>Full</u>
--	-------------	----------------	-------------



January 9, 2018

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CALPERS CHANGES

- Risk Pool changes
 - All Risk Pools combined into one Miscellaneous & one Safety
 - Collect payment on UAL as dollar amount, not as % of pay
 - Payments allocated to agencies based on liability & assets rather than payroll
 - Included in 6/30/13 valuation (impacts 15/16 rates)
- CalPERS Board reviewing their Capital Market Assumptions, Likely no further changes to discount rate
- Risk Mitigation Strategy
 - Move to more conservative investments over time
 - Only when investment return is better than expected
 - Lower discount rate in concert
 - Essentially use ≈50% of investment gains to pay for cost increases
 - Likely get to 6.0% over 20+ years

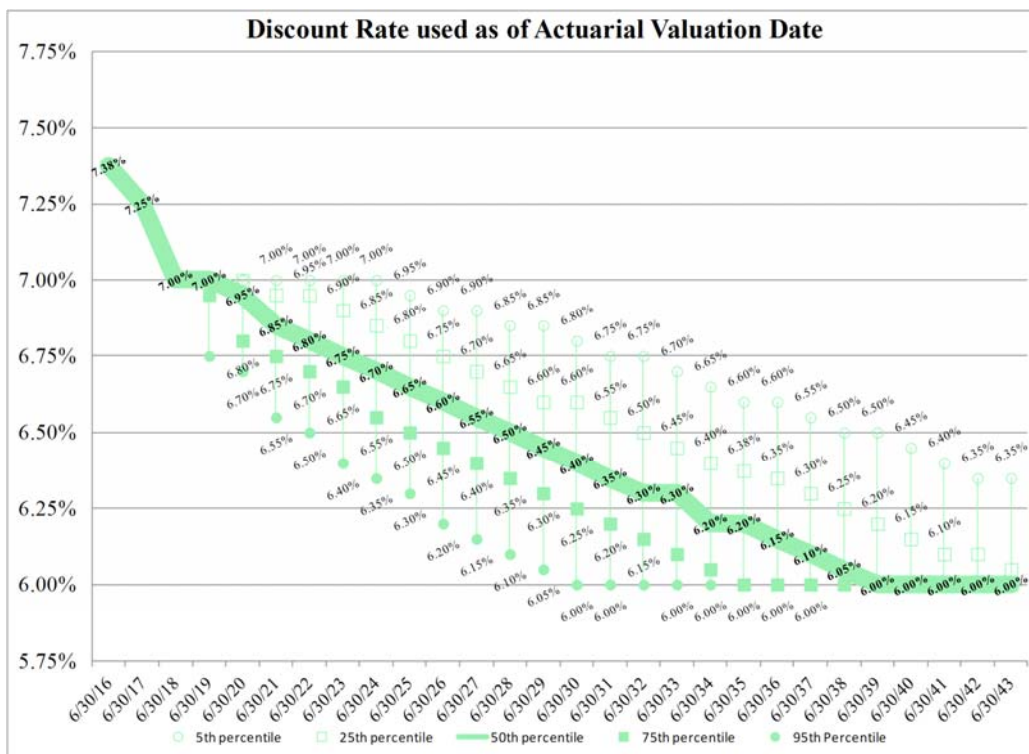


January 9, 2018

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CALPERS CHANGES



January 9, 2018

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SUMMARY OF DEMOGRAPHIC INFORMATION – MISCELLANEOUS

	1993	2006	2015	2016
Actives				
■ Counts	32	35	27	24
■ Average PERSable Wages	\$26,900	\$44,200	\$56,000	\$55,400
■ Total PERSable Wages (millions)	0.9	1.5	1.5	1.3
Inactive Counts				
■ Transferred	7	14	17	17
■ Separated	7	11	15	16
■ Retired	11	20	31	33

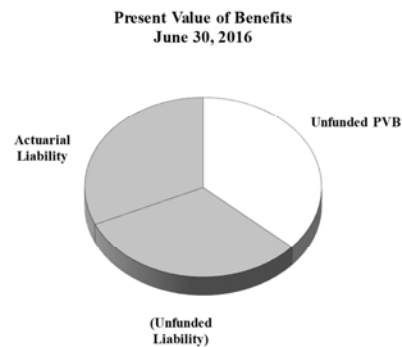
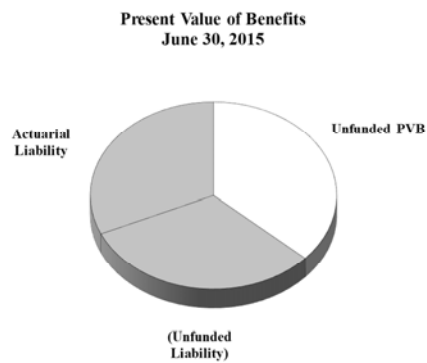


January 9, 2018

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FUNDED STATUS – MISCELLANEOUS



<u>June 30, 2015</u>		<u>June 30, 2016</u>
\$ 4,000,000	Active AAL	\$ 2,900,000
4,200,000	Retiree AAL	5,500,000
<u>700,000</u>	Inactive AAL	<u>800,000</u>
8,900,000	Total AAL	9,200,000
<u>7,000,000</u>	Market Asset Value	<u>6,700,000</u>
(1,900,000)	(Unfunded Liability)	(2,500,000)



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CONTRIBUTION RATES – MISCELLANEOUS

6/30/15 Valuation 2017/2018 Contribution Rates

	<u>Total¹</u>	<u>Tier 1</u> 2%@55 FAE3	<u>PEPRA</u> 2%@62 FAE3
■ Required Employer Contribution			
● Risk Pool's Base Employer Normal Cost	8.1%	8.4%	6.5%
● Class 1 Benefits			
□ Final Average Comp. (1-Year)	0.0%	0.0%	0.0%
● Pool's Expected EE Contribution	6.8%	6.9%	6.3%
● Plan's Employee Contribution Rate	(6.8%)	(6.9%)	(6.3%)
● Payment on Amortization Bases	6.0%	7.1%	0.0%
● Amortization of Side Fund	<u>3.4%</u>	<u>4.0%</u>	<u>0.0%</u>
● Total ER Contribution	17.5%	19.5%	6.6%
● Total ER Contribution \$ (in 000's)	\$265		

¹ Weighting of total contribution projection based on estimated projected classic and PEPRA payrolls



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CONTRIBUTION RATES – MISCELLANEOUS

6/30/16 Valuation 2018/2019 Contribution Rates

	<u>Total²</u>	<u>Tier 1</u> 2%@55 FAE3	<u>PEPRA</u> 2%@62 FAE3
■ Required Employer Contribution			
● Risk Pool's Base Employer Normal Cost	8.4%	8.9%	6.8%
● Class 1 Benefits			
□ Final Average Comp. (1-Year)	0.0%	0.0%	0.0%
● Pool's Expected EE Contribution	6.7%	6.9%	6.3%
● Plan's Employee Contribution Rate	(6.7%)	(6.9%)	(6.3%)
● Payment on Amortization Bases	9.0%	11.9%	0.1%
● Amortization of Side Fund	<u>4.0%</u>	<u>5.3%</u>	<u>0.0%</u>
● Total ER Contribution	21.3%	26.1%	6.9%
● Total ER Contribution \$ (in 000's)	\$284		

² Weighting of total contribution projection based on estimated projected classic and PEPRA payrolls



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CONTRIBUTION PROJECTIONS - MISCELLANEOUS

	6/30/15 <u>2017/2018</u>	6/30/16 <u>2018/2019</u>
■ Total Normal Cost	14.9%	15.1%
■ Employee Normal Cost	6.8%	6.7%
■ Employer Normal Cost	8.1%	8.4%
■ Amortization Bases	<u>9.4%</u>	<u>13.0%</u>
■ Total Employer Contribution Rate	17.5%	21.3%
■ Amortization Period	Multiple	Multiple
■ What Happened from 6/30/15 to 6/30/16:		
● 2017/18 Rate		17.5%
● Payroll < Expected		0.5%
● Asset Method Change (4 th Year)		1.2%
● 6/30/14 Assumption Change (3 rd Year)		0.9%
● 6/30/14 (Gains)/Losses (3 rd Year)		(1.0%)
● 6/30/15 (Gains)/Losses (2 nd Year)		0.4%
● 6/30/16 Discount Rate change (1 st Year)		0.7%
● 6/30/16 (Gains)/Losses (1 st Year)		<u>1.1%</u>
● 2018/19 Rate		21.3%



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CONTRIBUTION PROJECTIONS - MISCELLANEOUS

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CONTRIBUTION PROJECTIONS - MISCELLANEOUS

■ Market Value Investment Return:

- June 30, 2016 0.6%³
 - June 30, 2017 11.2%⁴
 - Future returns based on stochastic analysis using 1,000 trials
- | <u>Single Year Returns at⁵</u> | <u>25th Percentile</u> | <u>50th Percentile</u> | <u>75th Percentile</u> |
|---|-----------------------------------|-----------------------------------|-----------------------------------|
| ● 7.0% Investment Mix | 0.1% | 7.0% | 14.8% |
| ● 6.0% Investment Mix | 0.8% | 6.0% | 11.4% |
- Assumes investment returns will, generally be 6.5% (as compared to 7.0%) over the next 10 years and higher beyond that.

■ No Other: Gains/Losses, Method/Assumption Changes, Benefit Improvements

■ No Employer Paid Member Contributions (EPMC)

■ No employee paid City contributions.

³ Based on CalPERS 6/30/16 CAFR.

⁴ Based on CalPERS press release on 7/14/17, preliminary investment return of 11.2%.

⁵ Nth percentile means N percentage of our trials result in returns lower than the indicated rates.



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CONTRIBUTION PROJECTIONS - MISCELLANEOUS

■ New hire assumptions:

- Assumes 50% of 2013 new hires will be Classic Members (2%@55 FAE3) and 50% will be New Members with PEPRAs benefits
- Assumes Classic Members will decrease from 50% to 0% of new hires over 10 years



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CONTRIBUTION PROJECTIONS - MISCELLANEOUS



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CONTRIBUTION PROJECTIONS - MISCELLANEOUS

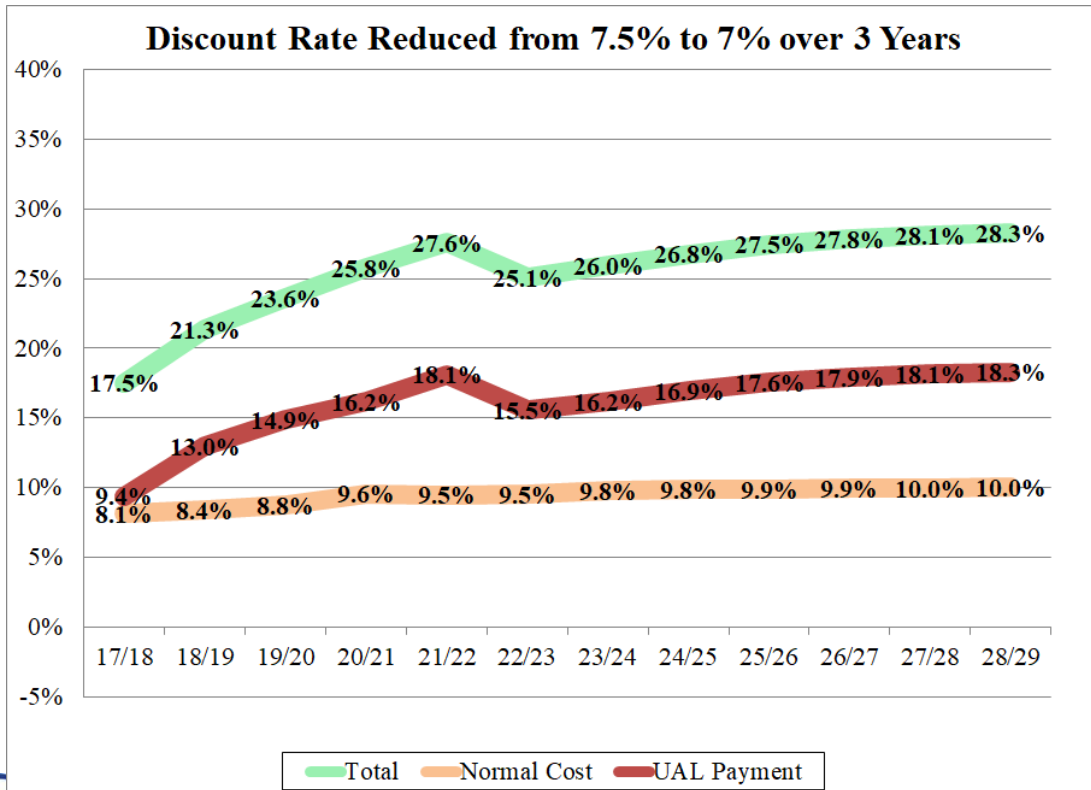


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CONTRIBUTION PROJECTIONS - MISCELLANEOUS

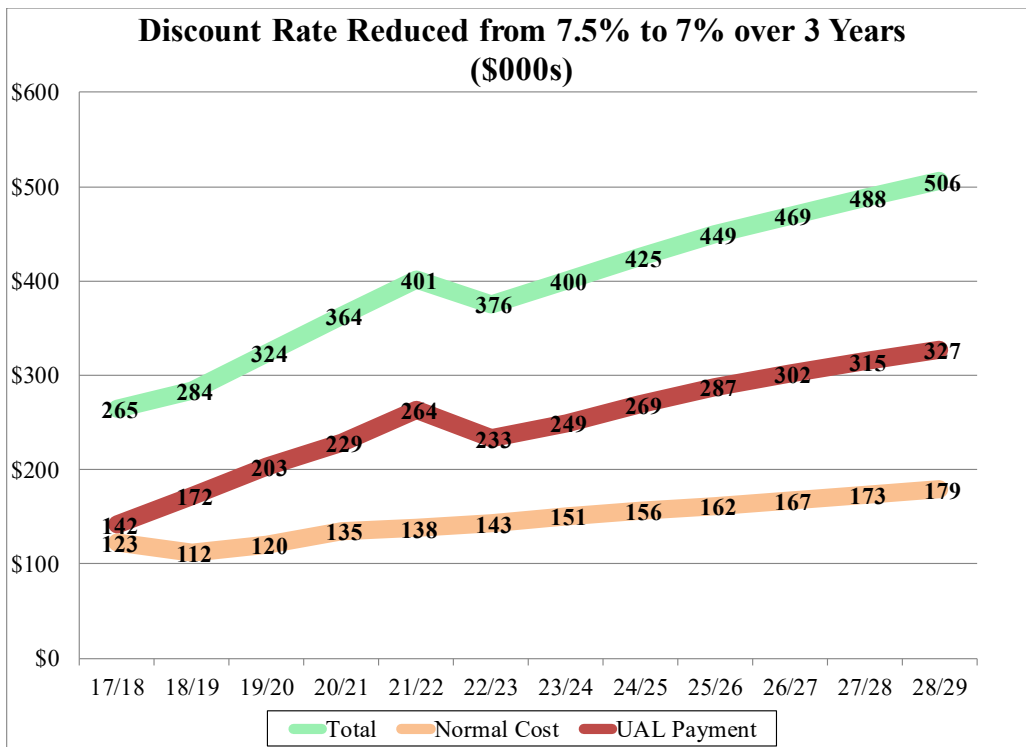


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CONTRIBUTION PROJECTIONS - MISCELLANEOUS

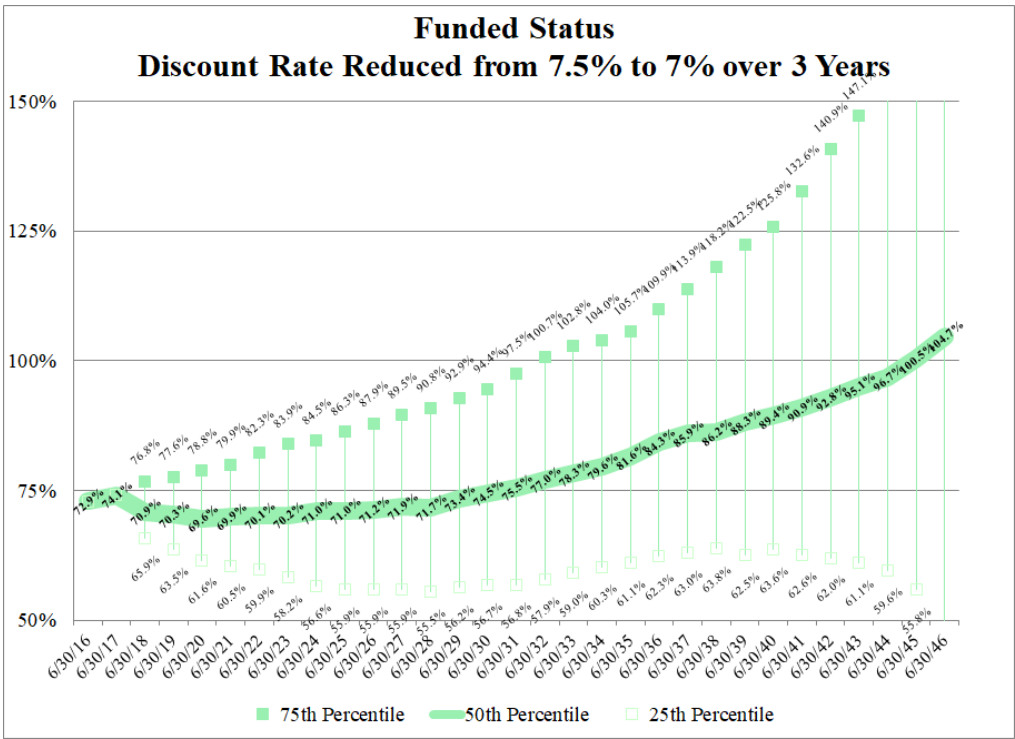


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FUNDED STATUS - MISCELLANEOUS



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FUNDED STATUS - MISCELLANEOUS

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SUMMARY OF DEMOGRAPHIC INFORMATION – POLICE SAFETY

	1993 ⁶	2006 ⁶	2015	2016
Actives				
■ Counts	10	25	12	14
■ Average PERSable Wages	\$35,000	\$55,700	\$67,700	\$70,200
■ Total PERSable Wages (millions)	0.4	1.4	0.8	1.0
Inactive Counts				
■ Transferred	6	14	15	15
■ Separated	3	6	8	8
■ Retired	2	13	16	17

⁶ Participant data included both police and fire members.



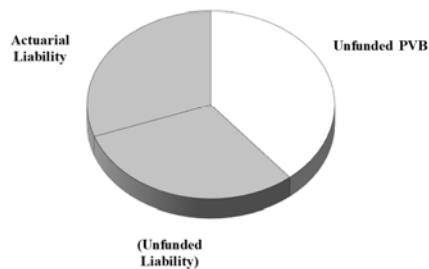
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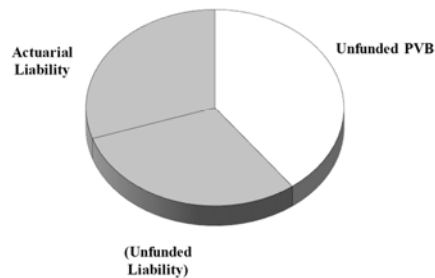


FUNDED STATUS – POLICE SAFETY

Present Value of Benefits
June 30, 2015



Present Value of Benefits
June 30, 2016



<u>June 30, 2015</u>		<u>June 30, 2016</u>	
\$	1,500,000	Active AAL	\$ 1,600,000
	3,500,000	Retiree AAL	4,000,000
	2,500,000	Inactive AAL	2,800,000
	7,500,000	Total AAL	8,400,000
	4,800,000	Market Asset Value	5,300,000
	(2,700,000)	(Unfunded Liability)	(3,100,000)



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CONTRIBUTION RATES – POLICE SAFETY

6/30/15 Valuation 2017/2018 Contribution Rates

	<u>Total⁷</u>	<u>Tier 1</u> 3% <u>@55</u> FAE3	<u>PEPRA</u> 2.7% <u>@57</u> FAE3
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■ Required Employer Contribution

● Risk Pool's Base Employer Normal Cost	14.8%	16.8%	12.1%
● Class 1 Benefits			
<input type="checkbox"/> Final Average Comp. (1-Year)	0.0%	0.0%	0.0%
● Pool's Expected EE Contribution	10.0%	9.0%	11.5%
● Plan's Employee Contribution Rate	(10.0%)	(9.0%)	(11.5%)
● Payment on Amortization Bases	8.2%	14.1%	0.1%
● Amortization of Side Fund	<u>17.9%</u>	<u>31.0%</u>	<u>0.0%</u>
● Total ER Contribution	40.8%	61.9%	12.0%
● Total ER Contribution \$ (in 000's)	\$ 332		

⁷ Weighting of total contribution projection based on estimated projected classic and PEPRA payrolls



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CONTRIBUTION RATES – POLICE SAFETY

6/30/16 Valuation 2018/2019 Contribution Rates

	<u>Total⁸</u>	<u>Tier 1</u> 3% <u>@55</u> FAE3	<u>PEPRA</u> 2.7% <u>@57</u> FAE3
--	--------------------------	--	---

■ Required Employer Contribution

● Risk Pool's Base Employer Normal Cost	14.7%	17.6%	12.0%
● Class 1 Benefits			
<input type="checkbox"/> Final Average Comp. (1-Year)	0.0%	0.0%	0.0%
● Pool's Expected EE Contribution	10.3%	9.0%	11.5%
● Plan's Employee Contribution Rate	(10.3%)	(9.0%)	(11.5%)
● Payment on Amortization Bases	9.1%	18.5%	0.1%
● Amortization of Side Fund	<u>15.1%</u>	<u>30.8%</u>	<u>0.0%</u>
● Total ER Contribution	39.0%	66.9%	12.3%
● Total ER Contribution \$ (in 000's)	\$ 384		

⁸ Weighting of total contribution projection based on estimated projected classic and PEPRA payrolls



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CONTRIBUTION PROJECTIONS – POLICE SAFETY

	6/30/15 <u>2017/2018</u>	6/30/16 <u>2018/2019</u>
■ Total Normal Cost	24.9%	25.0%
■ Employee Normal Cost	10.0%	10.3%
■ Employer Normal Cost	14.8%	14.7%
■ Amortization Bases	<u>26.1%</u>	<u>24.2%</u>
■ Total Employer Contribution Rate	40.8%	39.0%
■ Amortization Period	Multiple	Multiple
■ What Happened from 6/30/15 to 6/30/16:		
● 2017/18 Rate	40.8%	
● Payroll > Expected	(4.4%)	
● Asset Method Change (4 th Year)	1.1%	
● 6/30/14 Assumption Change (3 rd Year)	1.0%	
● 6/30/14 (Gains)/Losses (3 rd Year)	(0.9%)	
● 6/30/15 (Gains)/Losses (2 nd Year)	0.5%	
● 6/30/16 Discount Rate change (1 st Year)	1.1%	
● 6/30/16 (Gains)/Losses (1 st Year)	<u>(0.2)%</u>	
● 2018/19 Rate	39.0%	



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CONTRIBUTION PROJECTIONS – POLICE SAFETY

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CONTRIBUTION PROJECTIONS – POLICE SAFETY

■ Market Value Investment Return:

- June 30, 2016 0.6%⁹
 - June 30, 2017 11.2%¹⁰
 - Future returns based on stochastic analysis using 1,000 trials
- | <u>Single Year Returns at¹¹</u> | <u>25th Percentile</u> | <u>50th Percentile</u> | <u>75th Percentile</u> |
|--|-----------------------------------|-----------------------------------|-----------------------------------|
| ● 7.0% Investment Mix | 0.1% | 7.0% | 14.8% |
| ● 6.0% Investment Mix | 0.8% | 6.0% | 11.4% |
- Assumes investment returns will, generally be 6.5% (as compared to 7.0%) over the next 10 years and higher beyond that.

■ No Other: Gains/Losses, Method/Assumption Changes, Benefit Improvements

■ No Employer Paid Member Contributions (EPMC)

⁹ Based on CalPERS 6/30/16 CAFR.

¹⁰ Based on CalPERS press release on 7/14/17, preliminary investment return of 11.2%.

¹¹ Nth percentile means N percentage of our trials result in returns lower than the indicated rates.



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CONTRIBUTION PROJECTIONS – POLICE SAFETY

■ New hire assumptions:

- Assumes 50% of 2013 new hires will be Classic Members (3%@55 FAE3) and 50% will be New Members with PEPRAs benefits
- Assumes Classic Members will decrease from 50% to 0% of new hires over 10 years

■ Employee Cost Sharing towards employer rates

- Classic member currently pays 1%, increasing to 2% on 1/1/18



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CONTRIBUTION PROJECTIONS – POLICE SAFETY

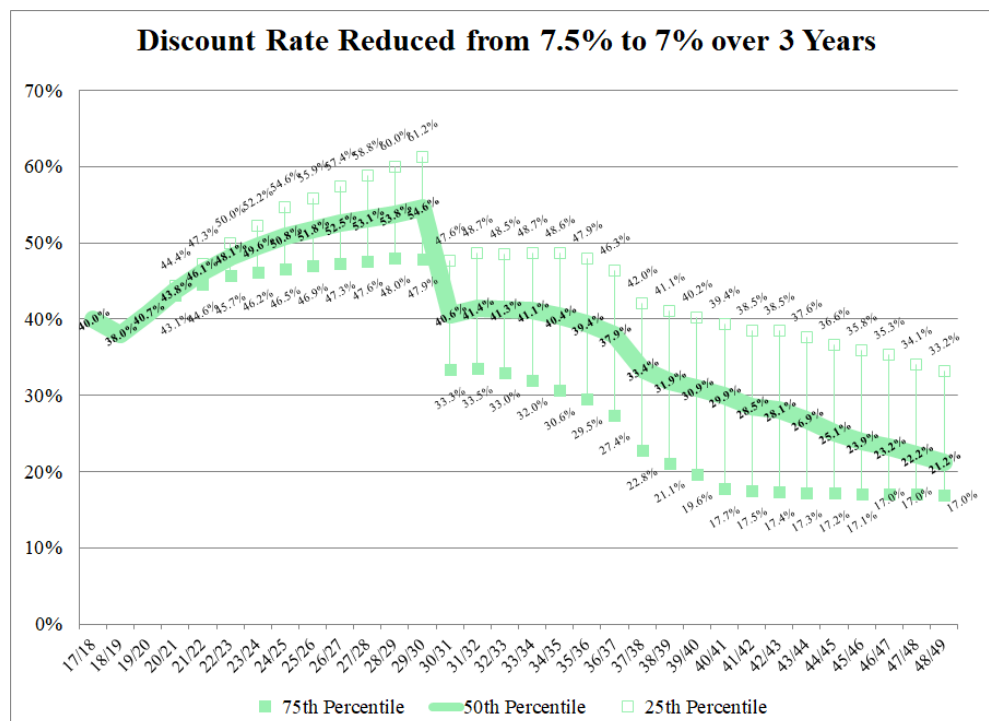


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CONTRIBUTION PROJECTIONS – POLICE SAFETY

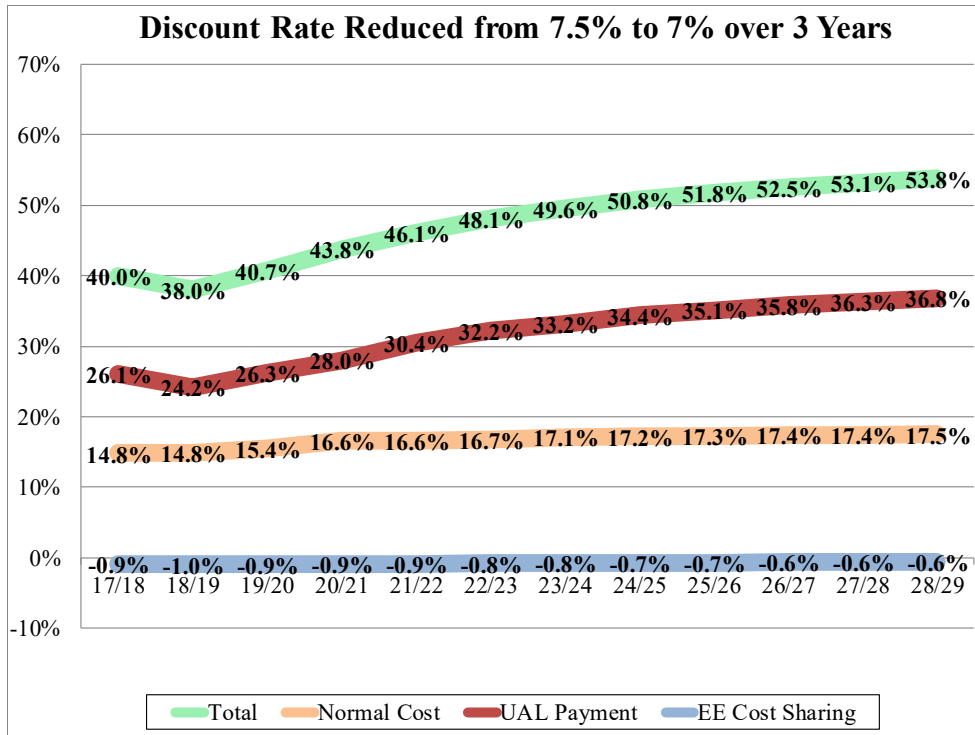


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CONTRIBUTION PROJECTIONS – POLICE SAFETY

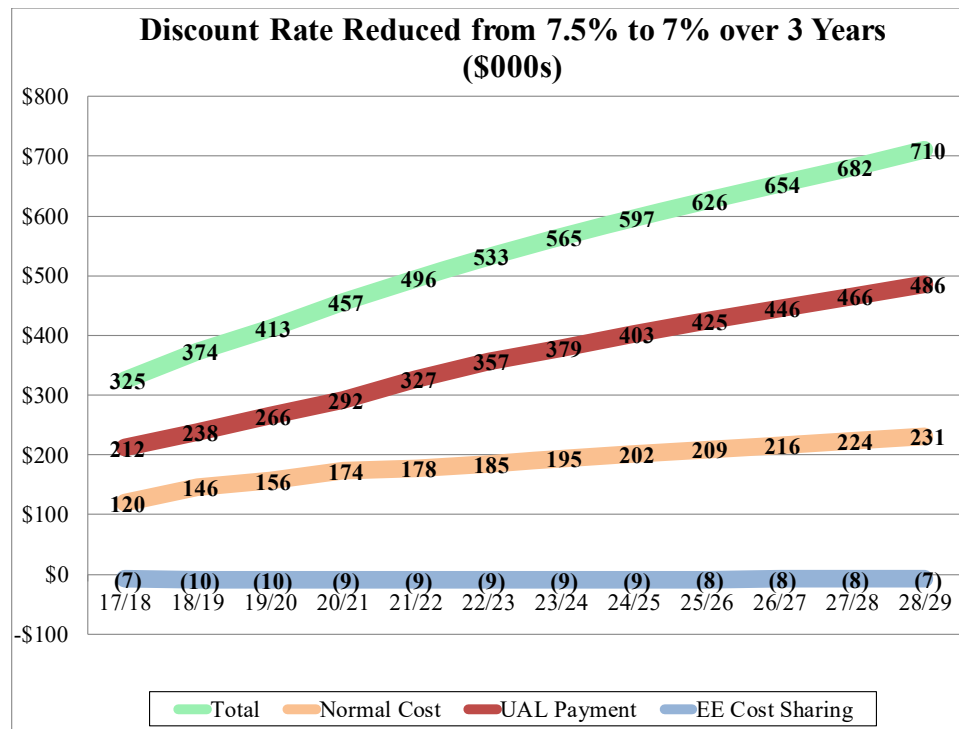


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CONTRIBUTION PROJECTIONS – POLICE SAFETY

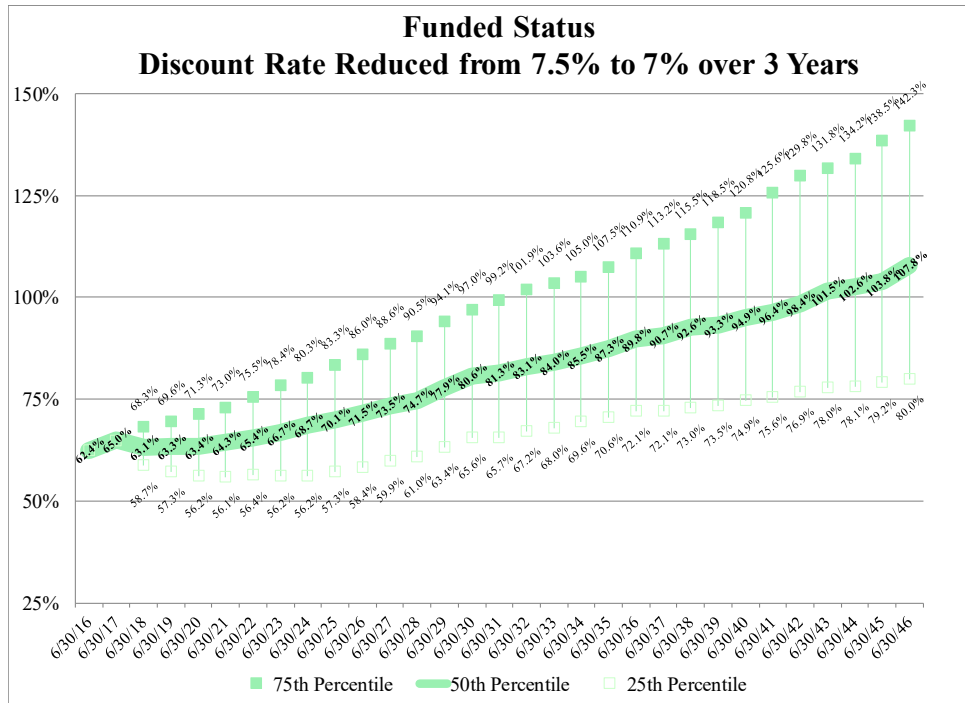


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FUNDED STATUS – POLICE SAFETY



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FUNDED STATUS – POLICE SAFETY

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SUMMARY OF DEMOGRAPHIC INFORMATION – FIRE SAFETY

	1993 ¹²	2006 ¹²	2015	2016
Actives				
■ Counts	10	25	11	12
■ Average PERSable Wages	\$35,000	\$55,700	\$61,400	\$61,400
■ Total PERSable Wages (millions)	0.4	1.4	0.7	0.7
Inactive Counts				
■ Transferred	6	14	7	7
■ Separated	3	6	3	2
■ Retired	2	13	3	4

¹² Participant data included both police and fire members.

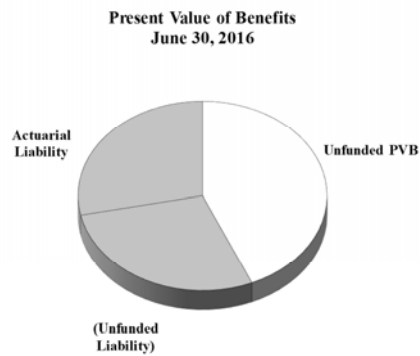
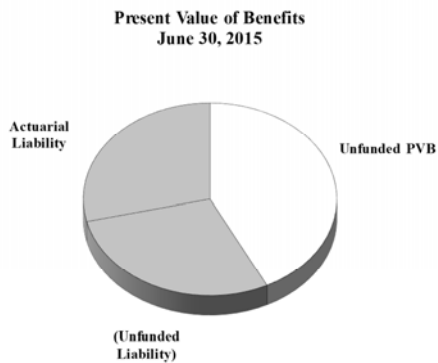


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FUNDED STATUS – FIRE SAFETY



<u>June 30, 2015</u>		<u>June 30, 2016</u>
\$ 2,100,000	Active AAL	\$ 2,000,000
400,000	Retiree AAL	1,000,000
600,000	Inactive AAL	700,000
3,100,000	Total AAL	3,700,000
1,900,000	Market Asset Value	2,300,000
(1,200,000)	(Unfunded Liability)	(1,400,000)



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CONTRIBUTION RATES – FIRE SAFETY

6/30/15 Valuation 2017/2018 Contribution Rates

<u>Total¹³</u>	<u>Tier 1</u> 3%@55 FAE3	<u>PEPRA</u> 2.7%@57 FAE3
---------------------------	--------------------------------	---------------------------------

■ Required Employer Contribution

● Risk Pool's Base Employer Normal Cost	15.4%	16.8%	12.0%
● Class 1 Benefits			
<input type="checkbox"/> Final Average Comp. (1-Year)	0.0%	0.0%	0.0%
● Pool's Expected EE Contribution	9.7%	9.0%	11.5%
● Plan's Employee Contribution Rate	(9.7%)	(9.0%)	(11.5%)
● Payment on Amortization Bases	2.9%	4.0%	0.1%
● Amortization of Side Fund	<u>10.5%</u>	<u>14.7%</u>	<u>0.0%</u>
● Total ER Contribution	28.8%	35.5%	12.1%
● Total ER Contribution \$ (in 000's)	\$ 194		

¹³ Weighting of total contribution projection based on estimated projected classic and PEPRA payrolls



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CONTRIBUTION RATES – FIRE SAFETY

6/30/16 Valuation 2018/2019 Contribution Rates

<u>Total¹⁴</u>	<u>Tier 1</u> 3%@55 FAE3	<u>PEPRA</u> 2.7%@57 FAE3
---------------------------	--------------------------------	---------------------------------

■ Required Employer Contribution

● Risk Pool's Base Employer Normal Cost	15.4%	17.6%	12.6%
● Class 1 Benefits			
<input type="checkbox"/> Final Average Comp. (1-Year)	0.0%	0.0%	0.0%
● Pool's Expected EE Contribution	10.0%	9.0%	11.5%
● Plan's Employee Contribution Rate	(10.0%)	(9.0%)	(11.5%)
● Payment on Amortization Bases	3.9%	6.3%	0.1%
● Amortization of Side Fund	<u>9.8%</u>	<u>16.2%</u>	<u>0.0%</u>
● Total ER Contribution	29.1%	40.1%	12.3%
● Total ER Contribution \$ (in 000's)	\$ 214		

¹⁴ Weighting of total contribution projection based on estimated projected classic and PEPRA payrolls



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CONTRIBUTION PROJECTIONS – FIRE SAFETY

	6/30/15 2017/2018	6/30/16 2018/2019
■ Total Normal Cost	25.2%	25.4%
■ Employee Normal Cost	9.7%	10.0%
■ Employer Normal Cost	15.4%	15.4%
■ Amortization Bases	<u>13.3%</u>	<u>13.6%</u>
■ Total Employer Contribution Rate	28.8%	29.1%
■ Amortization Period	Multiple	Multiple
■ What Happened from 6/30/15 to 6/30/16:		
● 2017/18 Rate	28.8%	
● Payroll > Expected	(1.2%)	
● Asset Method Change (4 th Year)	0.4%	
● 6/30/14 Assumption Change (3 rd Year)	0.5%	
● 6/30/14 (Gains)/Losses (3 rd Year)	(0.3%)	
● 6/30/15 (Gains)/Losses (2 nd Year)	0.2%	
● 6/30/16 Discount Rate change (1 st Year)	1.0%	
● 6/30/16 (Gains)/Losses (1 st Year)	<u>(0.3%)</u>	
● 2018/19 Rate	29.1%	



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CONTRIBUTION PROJECTIONS – FIRE SAFETY

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CONTRIBUTION PROJECTIONS – FIRE SAFETY

■ Market Value Investment Return:

- June 30, 2016 0.6%¹⁵
 - June 30, 2017 11.2%¹⁶
 - Future returns based on stochastic analysis using 1,000 trials
- | <u>Single Year Returns at¹⁷</u> | <u>25th Percentile</u> | <u>50th Percentile</u> | <u>75th Percentile</u> |
|--|-----------------------------------|-----------------------------------|-----------------------------------|
| ● 7.0% Investment Mix | 0.1% | 7.0% | 14.8% |
| ● 6.0% Investment Mix | 0.8% | 6.0% | 11.4% |
- Assumes investment returns will, generally be 6.5% (as compared to 7.0%) over the next 10 years and higher beyond that.

■ No Other: Gains/Losses, Method/Assumption Changes, Benefit Improvements

■ No Employer Paid Member Contributions (EPMC)

¹⁵ Based on CalPERS 6/30/16 CAFR.

¹⁶ Based on CalPERS press release on 7/14/17, preliminary investment return of 11.2%.

¹⁷ Nth percentile means N percentage of our trials result in returns lower than the indicated rates.



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CONTRIBUTION PROJECTIONS – FIRE SAFETY

■ New hire assumptions:

- Assumes 50% of 2013 new hires will be Classic Members (3%@55 FAE3) and 50% will be New Members with PEPRAs benefits
- Assumes Classic Members will decrease from 50% to 0% of new hires over 10 years

■ Employee Cost Sharing towards employer rates:

- Classic member currently pays 0.5%, increasing to 1% on 1/1/18

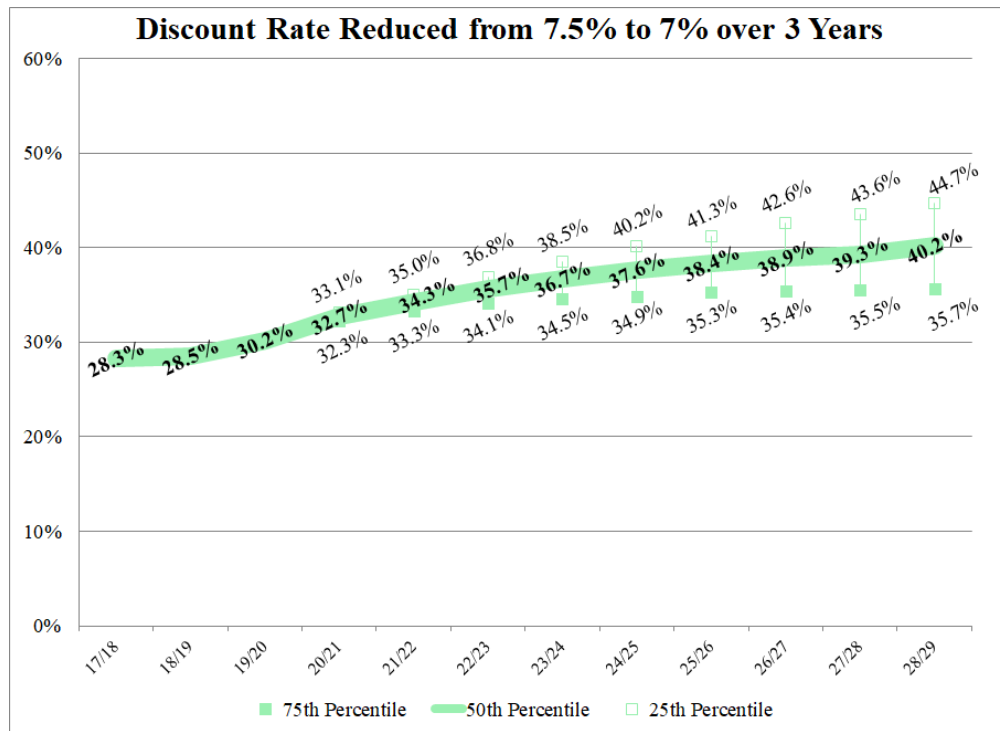


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CONTRIBUTION PROJECTIONS – FIRE SAFETY



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CONTRIBUTION PROJECTIONS – FIRE SAFETY

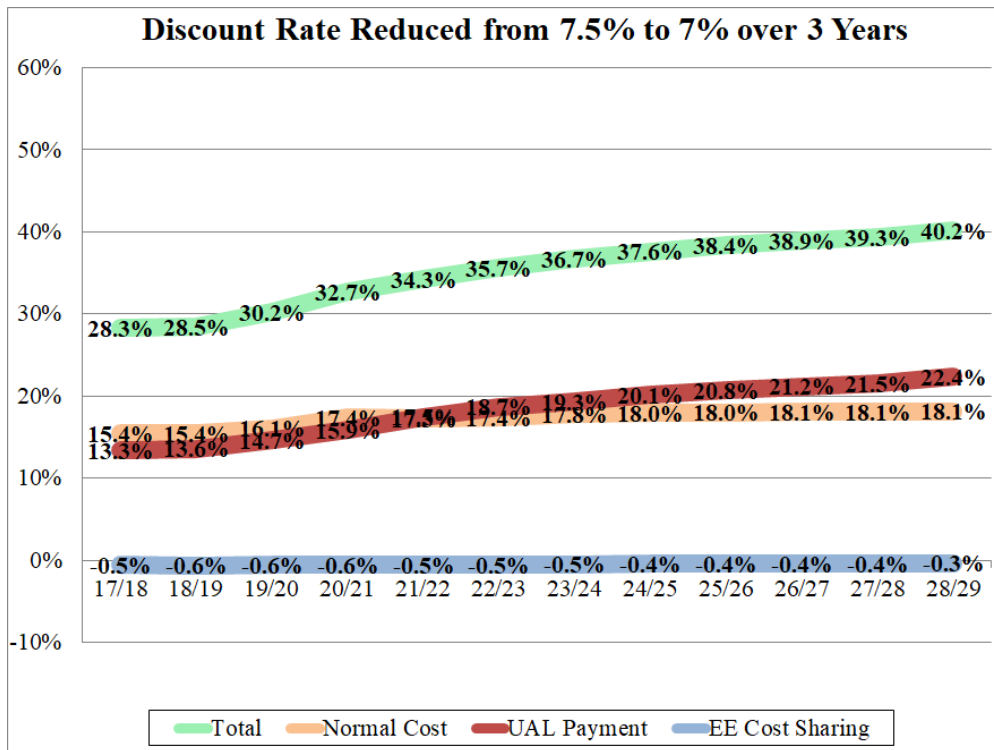


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CONTRIBUTION PROJECTIONS – FIRE SAFETY

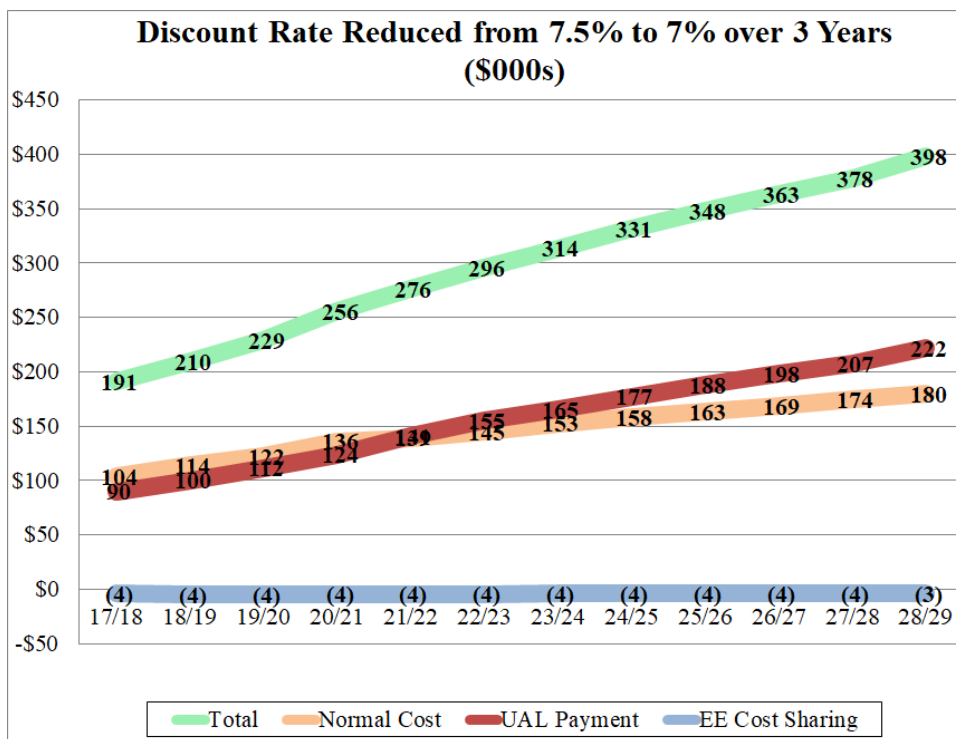


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CONTRIBUTION PROJECTIONS – FIRE SAFETY

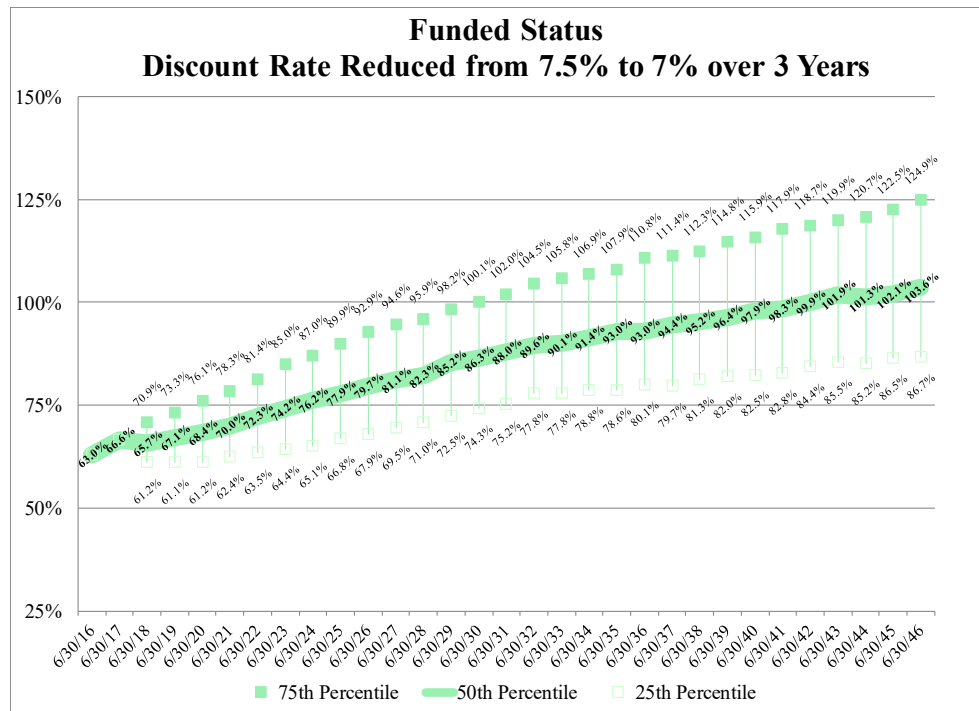


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FUNDED STATUS – FIRE SAFETY



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FUNDED STATUS – FIRE SAFETY

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LIABILITY AND CONTRIBUTION SUMMARY

	6/30/16 Valuation			
	Miscellaneous	Police	Fire	Total
■ Actuarial Accrued Liability				
• Active	\$ 2,900,000	\$ 1,600,000	\$ 2,000,000	\$6,500,000
• Retiree	5,500,000	4,000,000	1,000,000	10,500,000
• Inactive	<u>800,000</u>	<u>2,800,000</u>	<u>700,000</u>	<u>4,300,000</u>
• Total	9,200,000	8,400,000	3,700,000	21,300,000
■ Market Asset Value	6,700,000	5,300,000	2,300,000	14,300,000
■ (Unfunded Liability)	(2,500,000)	(3,100,000)	(1,400,000)	(\$7,000,000)



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LIABILITY AND CONTRIBUTION SUMMARY

Fiscal Year End	Total Projected Contribution (\$000s)
2018	\$ 781
2019	868
2020	966
2021	1,076
2022	1,173
2023	1,205
2024	1,280
2025	1,357
2026	1,427
2027	1,490
2028	1,552
2029	1,616



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LIABILITY AND CONTRIBUTION SUMMARY

Projected 1% of Classic Employee Contributions Years 1-10 (\$000s)

Fiscal Year End	Miscellaneous	Safety Police	Safety Fire	Total
2018	\$ 12.8	\$ 4.7	\$ 4.8	\$ 22.3
2019	10.0	4.8	4.4	19.2
2020	9.5	4.8	4.4	18.7
2021	9.1	4.7	4.3	18.1
2022	8.6	4.6	4.3	17.5
2023	8.2	4.5	4.2	16.9
2024	7.7	4.4	4.1	16.2
2025	7.3	4.3	4.0	15.6
2026	6.8	4.1	3.8	14.7
2027	6.4	4.0	3.7	14.1



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LIABILITY AND CONTRIBUTION SUMMARY

Projected 1% of Classic Employee Contributions Years 11-20 (\$000s)

Fiscal Year End	Miscellaneous	Safety Police	Safety Fire	Total
2028	\$ 6.0	\$ 3.8	\$ 3.5	\$ 13.3
2029	5.6	3.7	3.4	12.7
2030	5.2	3.5	3.3	12.0
2031	4.9	3.4	3.1	11.4
2032	4.5	3.2	3.0	10.7
2033	4.1	3.1	2.8	10.0
2034	3.8	2.9	2.7	9.4
2035	3.5	2.7	2.5	8.7
2036	3.2	2.6	2.4	8.2
2037	2.9	2.3	2.2	7.4



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PEPRA COST SHARING

- Target of 50% of total normal cost for everyone
- *New members* must pay greater of 50% of total normal cost or bargained amount if higher
- Employer cannot pay any part of *new member* required employee contributions
- Employer may impose Classic employees pay 50% of total normal cost (limited to 8% Miscellaneous, 12% Safety) if not agreed through collective bargaining by 1/1/18
- **Miscellaneous Plan:**

	<u>Classic Members</u>	<u>New Members</u>
	<u>Tier 1</u>	<u>PEPRA</u>
	<u>2%<i>@55 FAE3</i></u>	<u>2%<i>@62 FAE3</i></u>
● Employer Normal Cost	8.89%	6.84%
● Member Normal Cost	<u>6.90%</u>	<u>6.25%</u>
● Total Normal Cost	15.79%	13.09%
● 50% Target	7.90%	6.55%



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PEPRA COST SHARING

- **Police Safety Plan:**

	<u>Classic Members</u>	<u>New Members</u>
	<u>Tier 1</u>	<u>PEPRA</u>
	<u>3%<i>@55 FAE3</i></u>	<u>2.7%<i>@57 FAE3</i></u>
● Employer Normal Cost	17.61%	11.99%
● Member Normal Cost	<u>8.98%</u>	<u>11.50%</u>
● Total Normal Cost	26.59%	23.49%
● 50% Target	13.30%	11.75%

- **Fire Safety Plan:**

	<u>Classic Members</u>	<u>New Members</u>
	<u>Tier 1</u>	<u>PEPRA</u>
	<u>3%<i>@55 FAE3</i></u>	<u>2.7%<i>@57 FAE3</i></u>
● Employer Normal Cost	17.61%	12.64%
● Member Normal Cost	<u>8.98%</u>	<u>11.50%</u>
● Total Normal Cost	26.59%	24.14%
● 50% Target	13.30%	12.07%



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PAYING DOWN THE UNFUNDED LIABILITY & RATE STABILIZATION

- Where do you get the money from?
- How do you use the money?



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WHERE DO YOU GET THE MONEY FROM?

- POB:
 - Usually thought of as interest arbitrage between expected earnings and rate paid on POB
 - No guaranteed savings
 - ☐ Including paying off CalPERS Side Fund
 - PEPRA prevents contributions from dropping below normal cost
 - ☐ Savings offset when investment return is good
 - GFOA White Paper
- Borrow from General Fund
 - Excess Reserves?
 - Pay GF back like a loan
 - Payments should come from all funds



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WHERE DO YOU GET THE MONEY FROM?

- One time payments
 - Council resolution to use a portion of one time money, e.g.
 - ☐ 1/3 to one time projects
 - ☐ 1/3 to replenish reserves and
 - ☐ 1/3 to pay down unfunded liability



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HOW DO YOU USE THE MONEY?

- Make payments directly to CalPERS:
 - Treat as contribution gain:
 - ☐ CalPERS default
 - ☐ Very modest short term contribution impact
 - Apply to all bases in proportion:
 - ☐ Lowers payment
 - ☐ Does not shorten amortization period
 - Request shorter amortization period (Fresh Start):
 - ☐ Higher short term payments
 - ☐ Less interest and lower long term payments
 - ☐ PEPPRA prevents contributions from dropping below normal cost
 - Savings offset when investment return is good



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HOW DO YOU USE THE MONEY?

- Make payments directly to CalPERS (continued):
 - Target specific amortization bases:
 - ☐ Paying off shorter amortization bases, larger contribution savings over shorter period:
 - e.g. 10 year base gets 12.5¢ for \$1
 - Less interest savings compared to paying off longer amortization bases
 - ☐ Paying off longer amortization bases, smaller contribution savings over longer period:
 - e.g. 25 year base gets 6.6¢ for \$1
 - More interest savings compared to paying off shorter amortization bases



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HOW DO YOU USE THE MONEY?

- Internal Service Fund
 - Typically used for rate stabilization
 - Restricted investments:
 - ☐ Likely low (0.5%-1.0%) investment returns
 - ☐ Short term/high quality, designed for preservation of principal
 - Assets can be used by Council for other purposes
 - Does not reduce Unfunded Liability



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IRREVOCABLE SUPPLEMENTAL (§115) PENSION TRUST

- > 100 trusts established
 - PARS, PFM & Keenan
- Investments significantly less restricted than City investment funds:
 - Likely higher (4% - 6%) but more volatile investment returns
- Trust Assets:
 - Can't be used by Council for other purposes
 - Can only be used to:
 - ☐ Reimburse City for CalPERS contributions
 - ☐ Make payments directly to CalPERS
 - Will not reduce Net Pension Liability:
 - ☐ City total net financial position will be the same



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IRREVOCABLE SUPPLEMENTAL (§115) PENSION TRUST

- Consider:
 - How much can you put into Trust?
 - ☐ Initial seed money?
 - ☐ Additional amounts in future years?
 - When do you take money out?
 - ☐ Target budget rate?
 - ☐ Year target budget rate kicks in?
 - Before or after CalPERS rate exceeds budgeted rate?

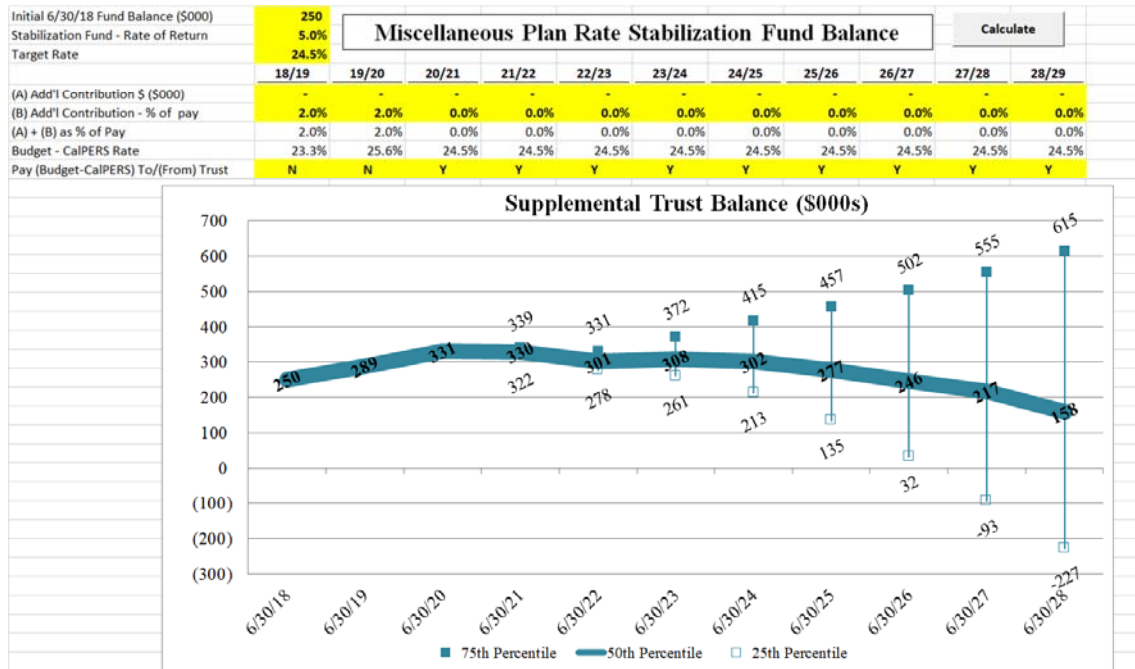


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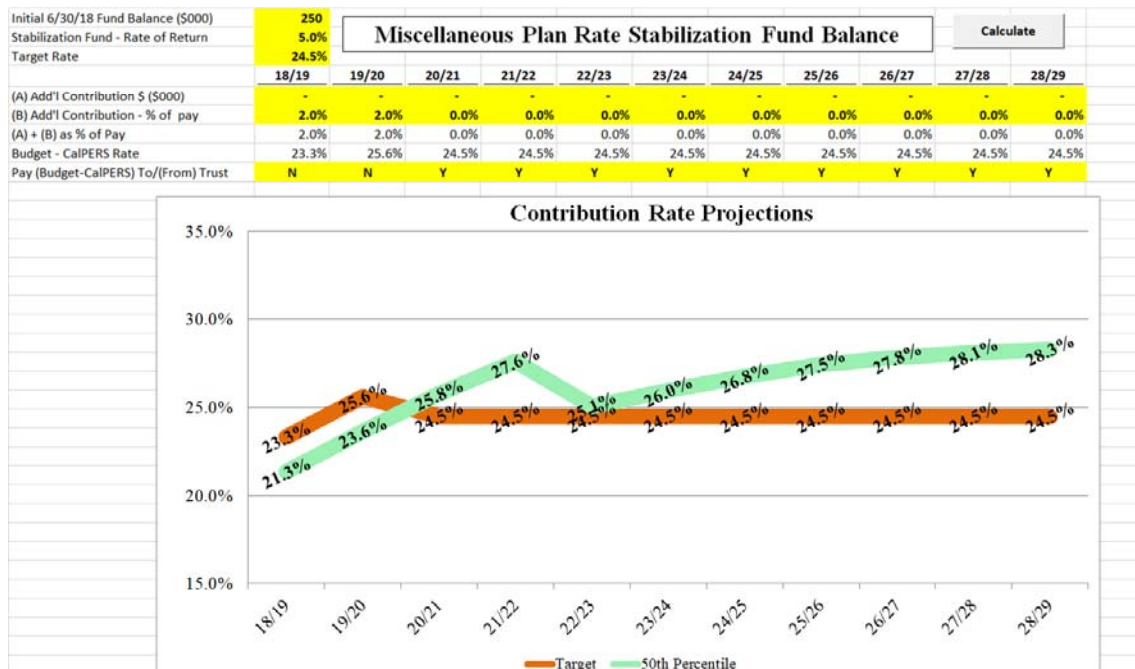


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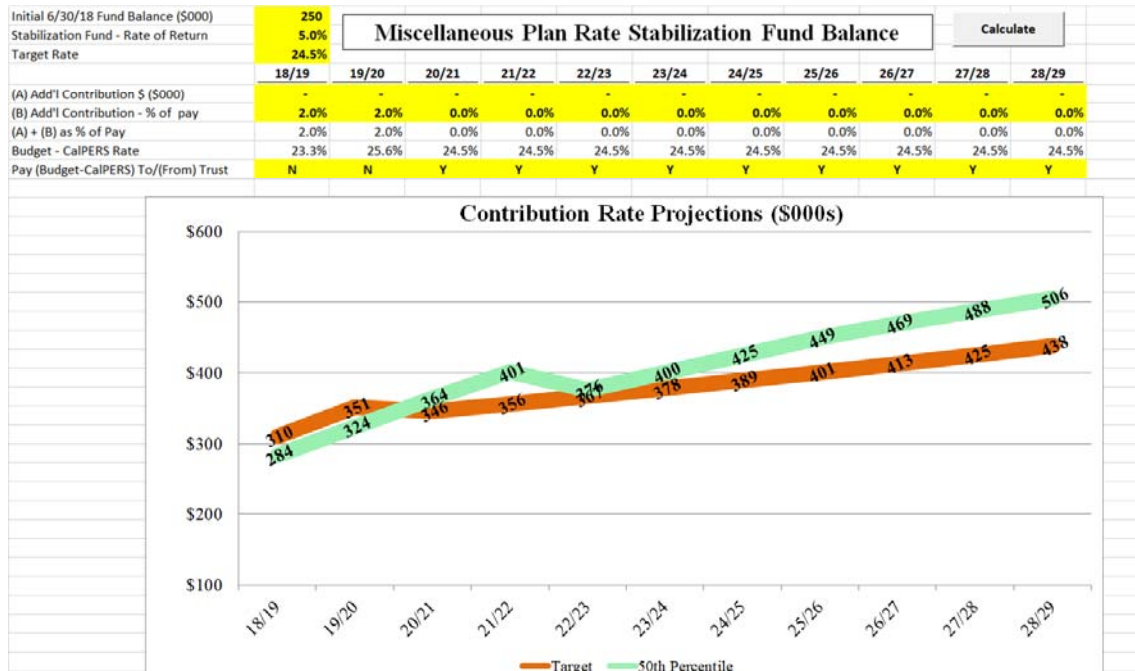


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IRREVOCABLE SUPPLEMENTAL (§115) PENSION TRUST

Miscellaneous Contribution Savings with \$250k Applied to Longest Base (\$000s)

Year	Savings	Year	Savings
18/19	3	33/34	24
19/20	7	34/35	25
20/21	11	35/36	25
21/22	15	36/37	26
22/23	19	37/38	27
23/24	19	38/39	27
24/25	19	39/40	27
25/26	21	40/41	27
26/27	20	41/42	31
27/28	21	42/43	30
28/29	21	43/44	30
29/30	22	44/45	28
30/31	23	45/46	19
31/32	22	46/47	15
32/33	24	47/48	8

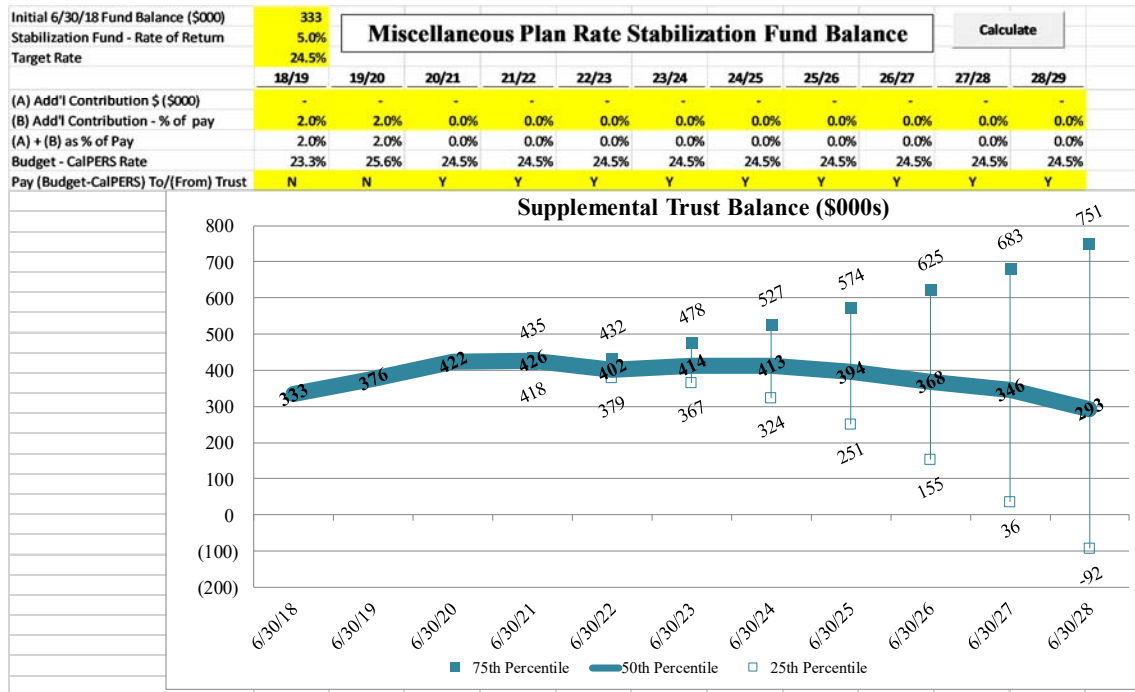


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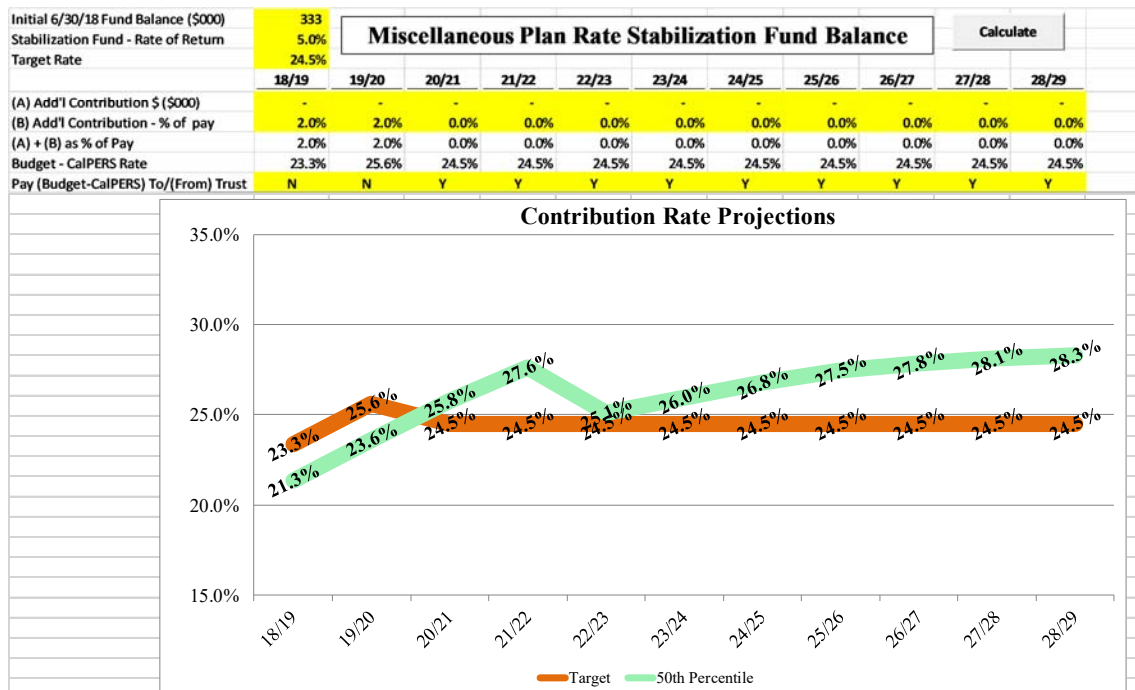


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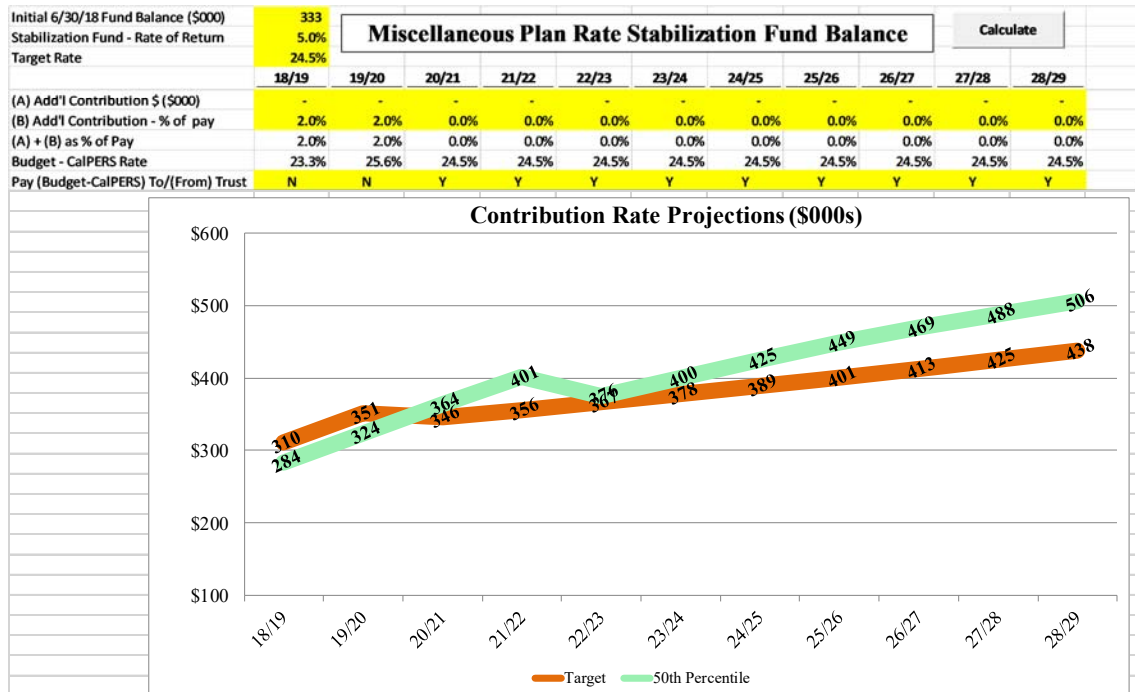


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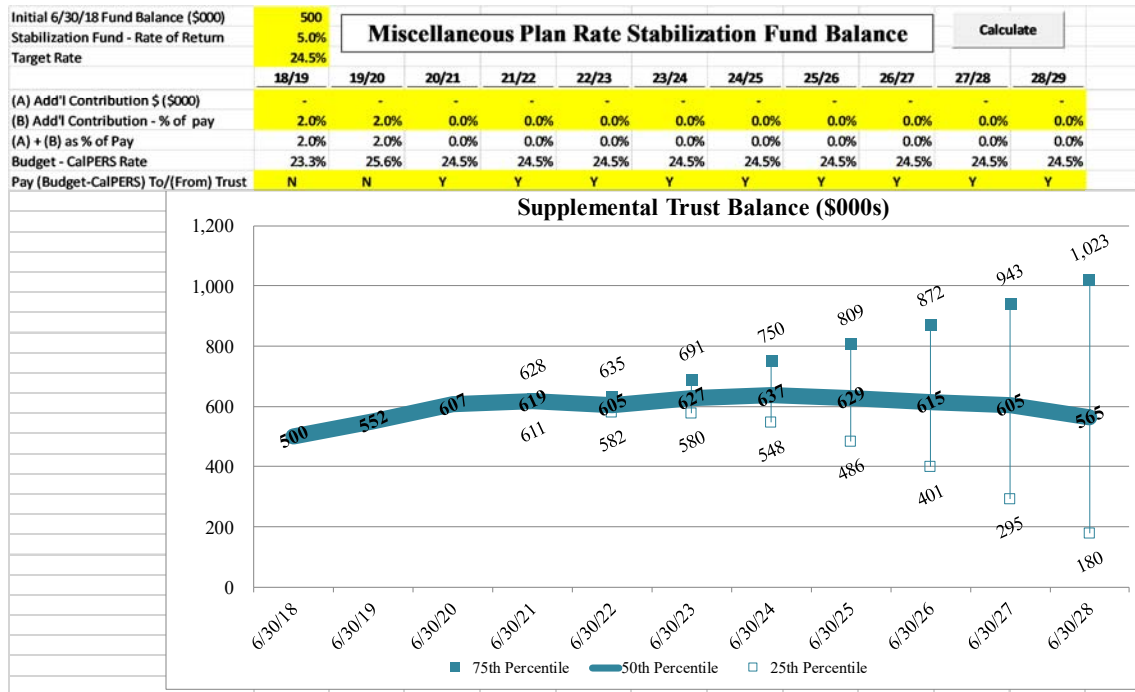


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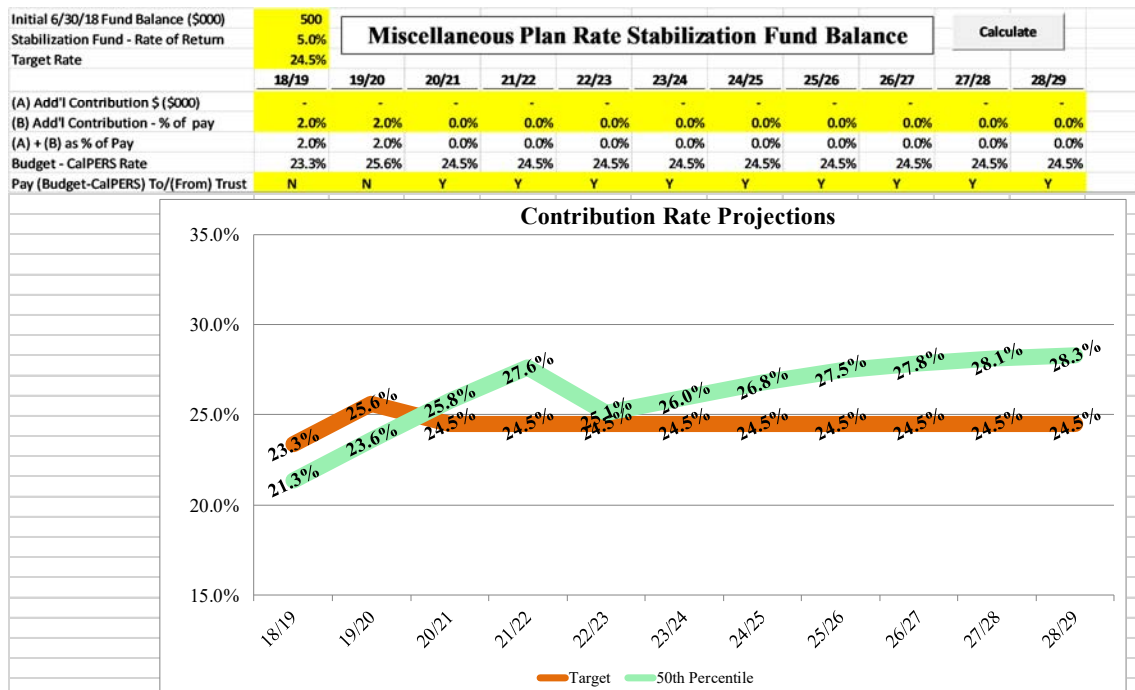


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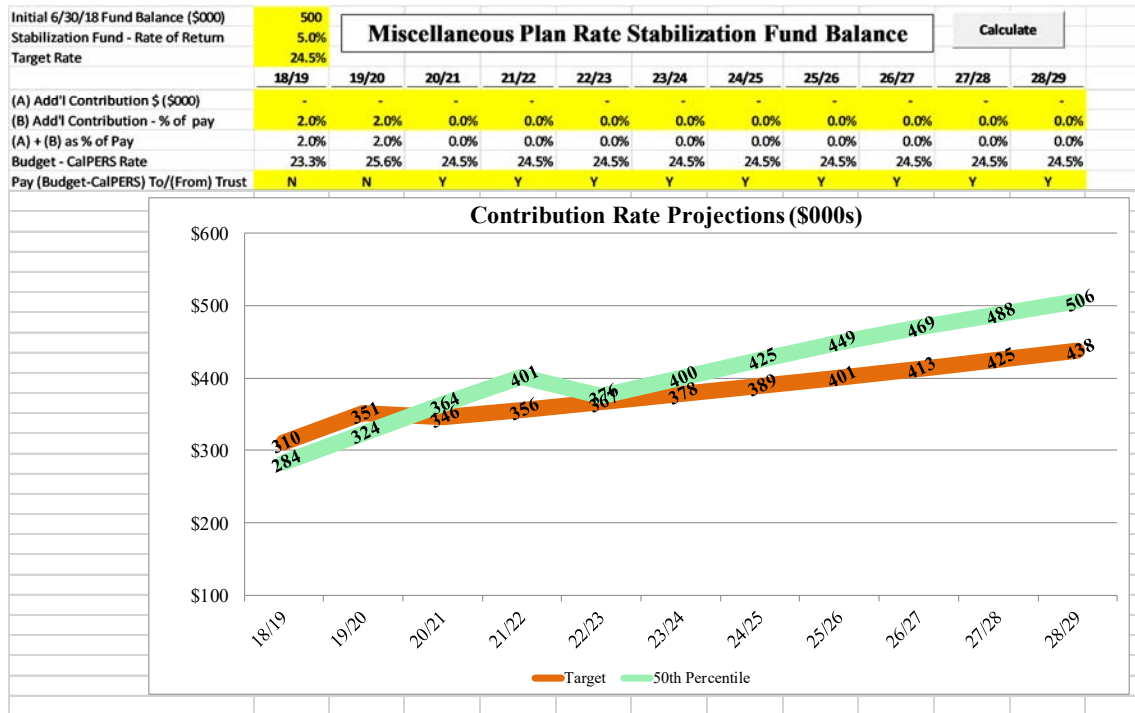


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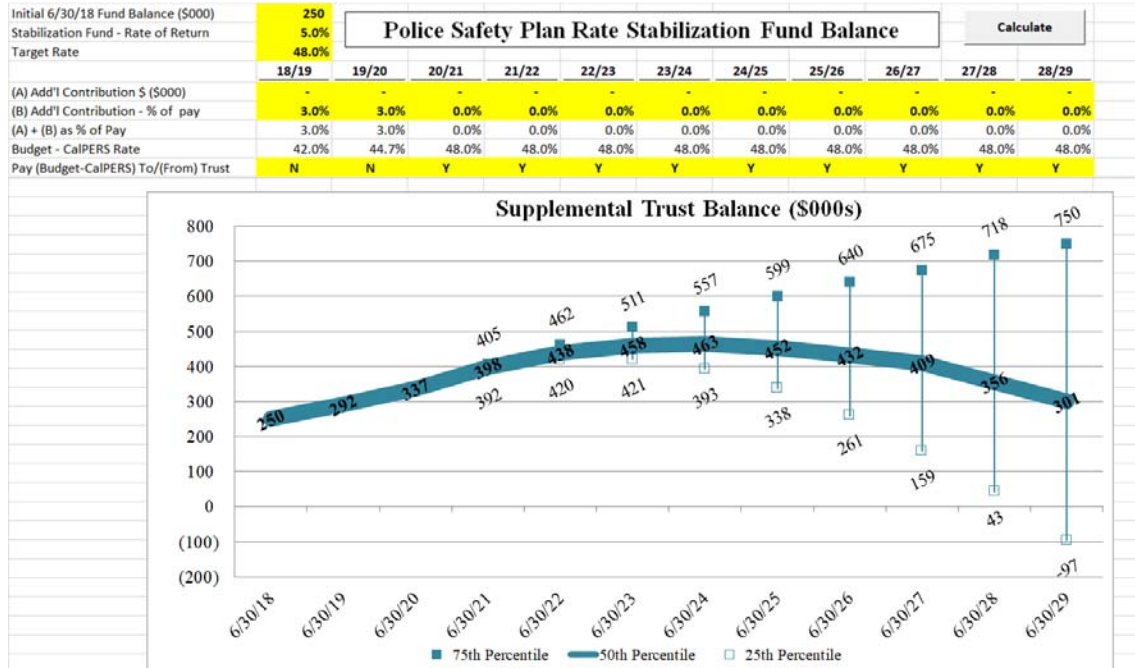


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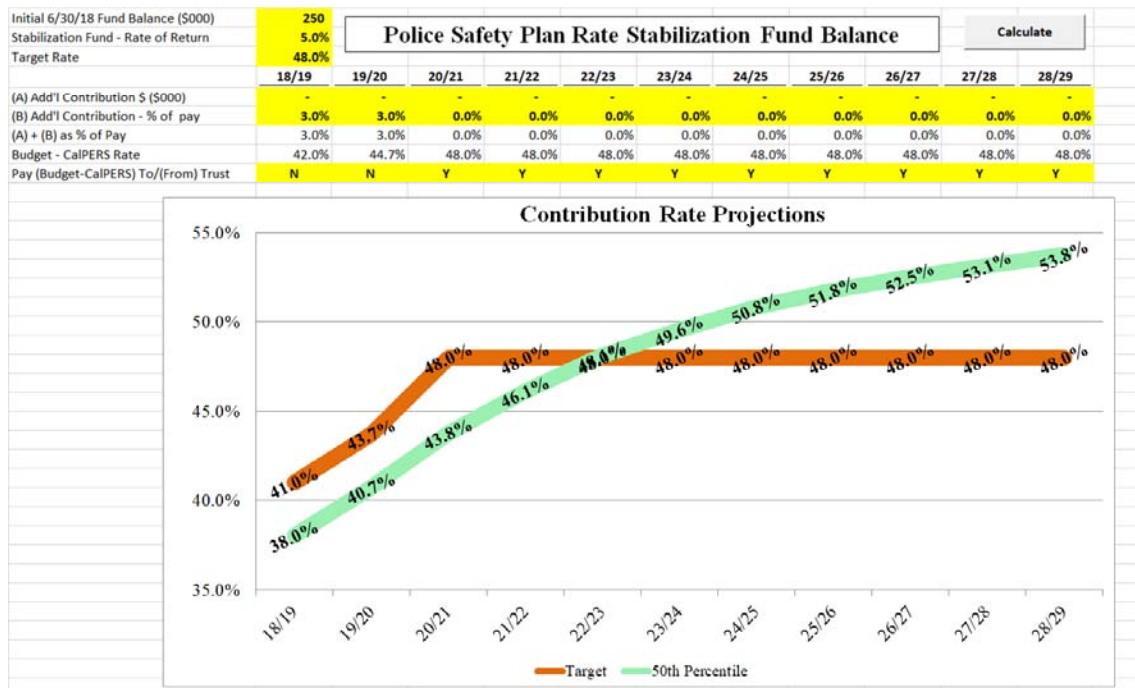


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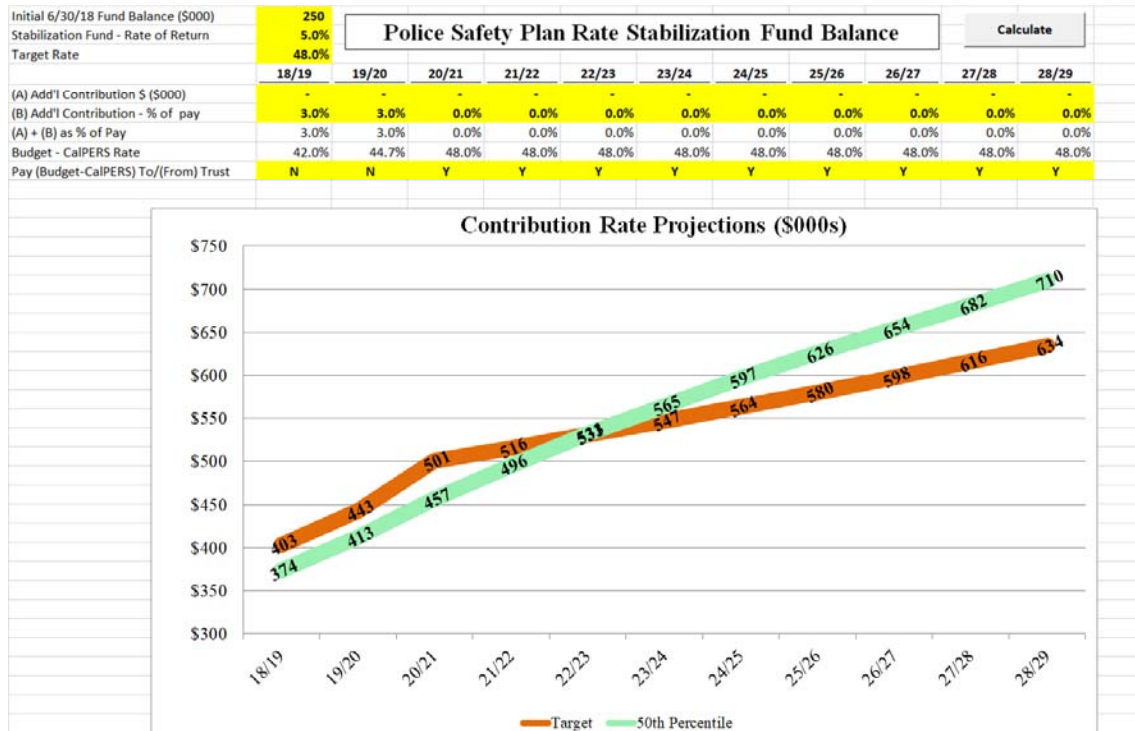


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IRREVOCABLE SUPPLEMENTAL (\$115) PENSION TRUST

Safety Police Contribution Savings with \$250k Applied to Longest Base (\$000s)

Year	Savings	Year	Savings
18/19	4	33/34	24
19/20	7	34/35	25
20/21	11	35/36	25
21/22	15	36/37	25
22/23	19	37/38	28
23/24	20	38/39	29
24/25	21	39/40	29
25/26	20	40/41	31
26/27	22	41/42	31
27/28	22	42/43	31
28/29	23	43/44	35
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30/31	21	45/46	21
31/32	25	46/47	11
32/33	24	47/48	9

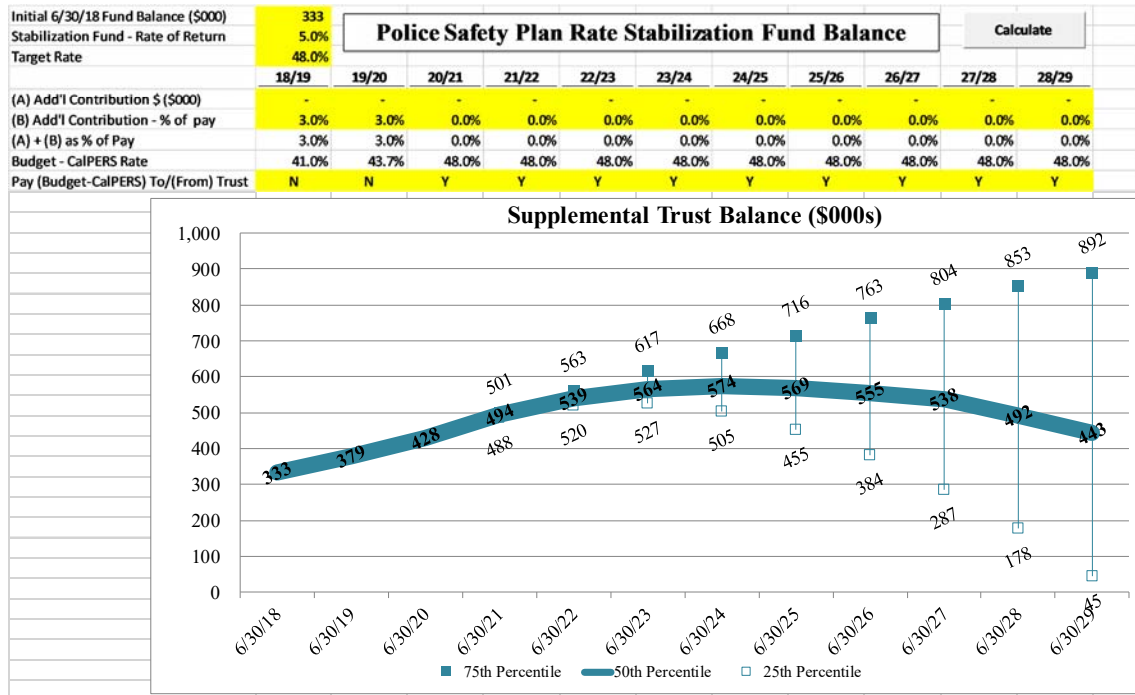


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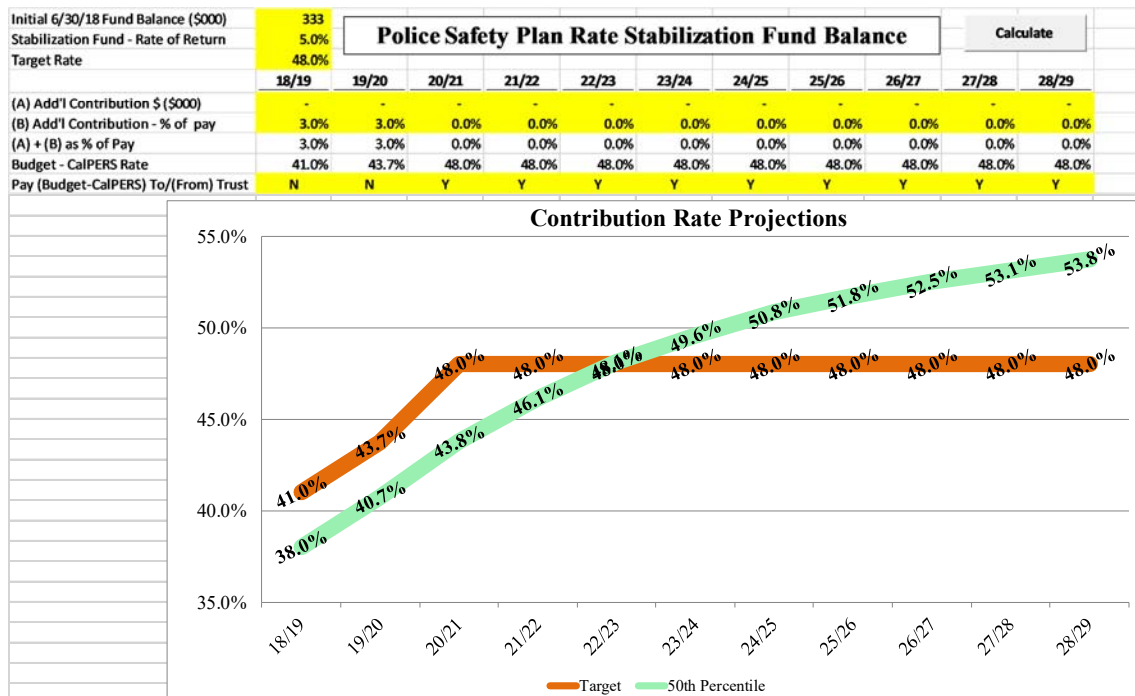


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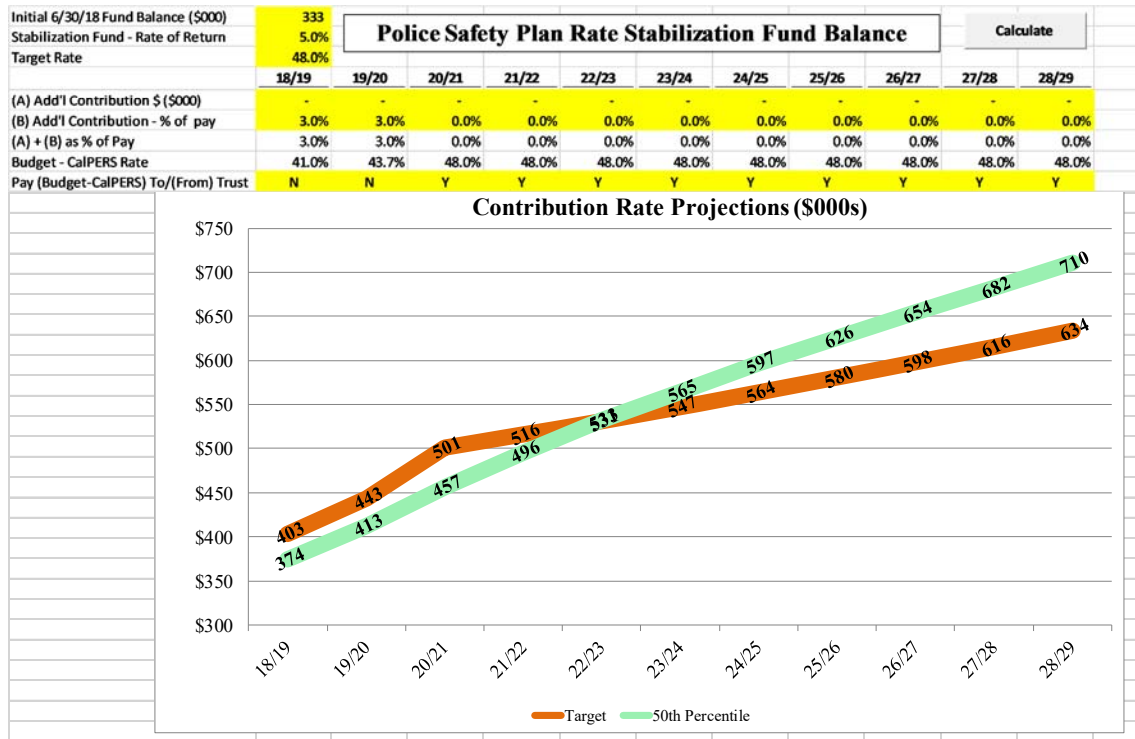


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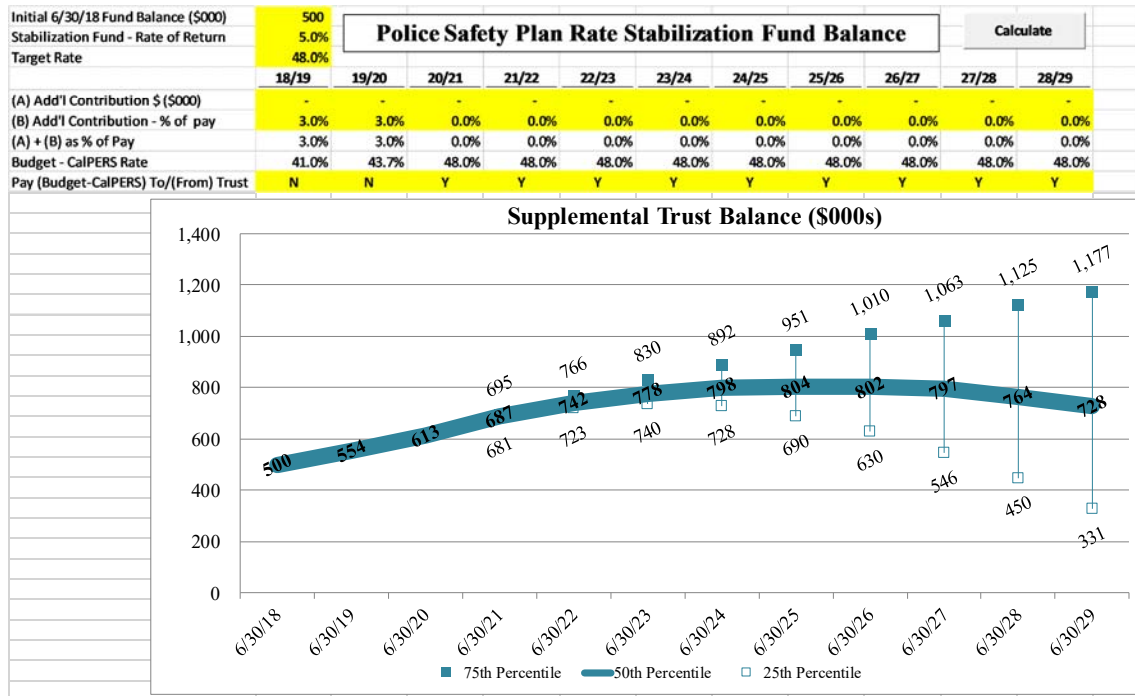


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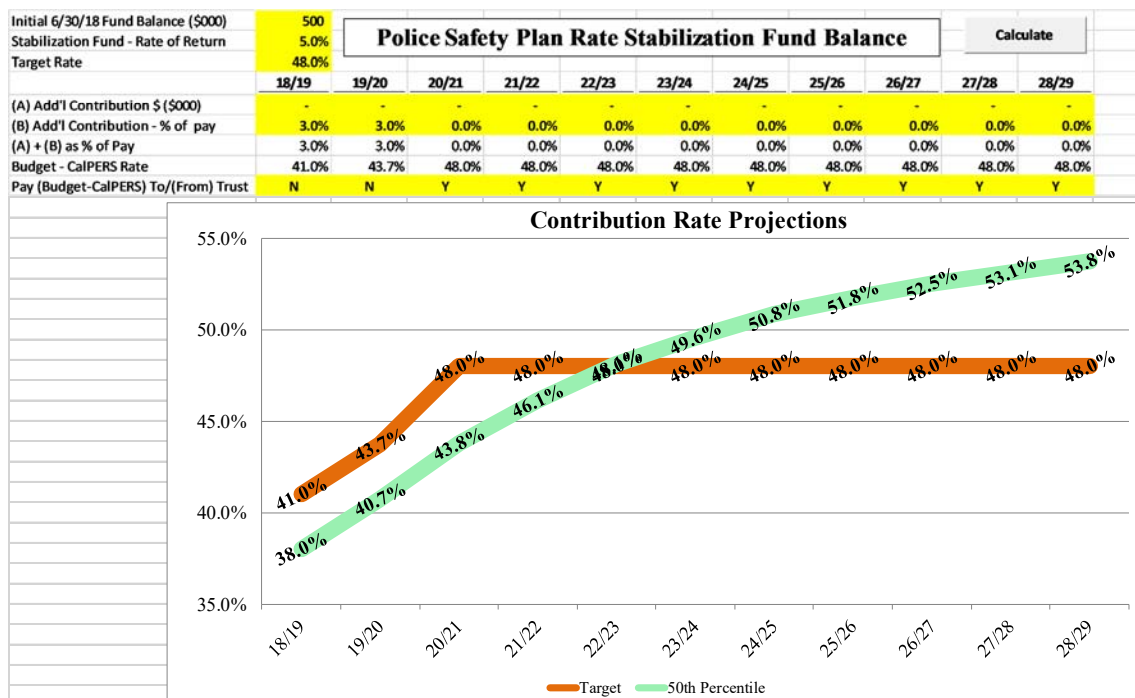


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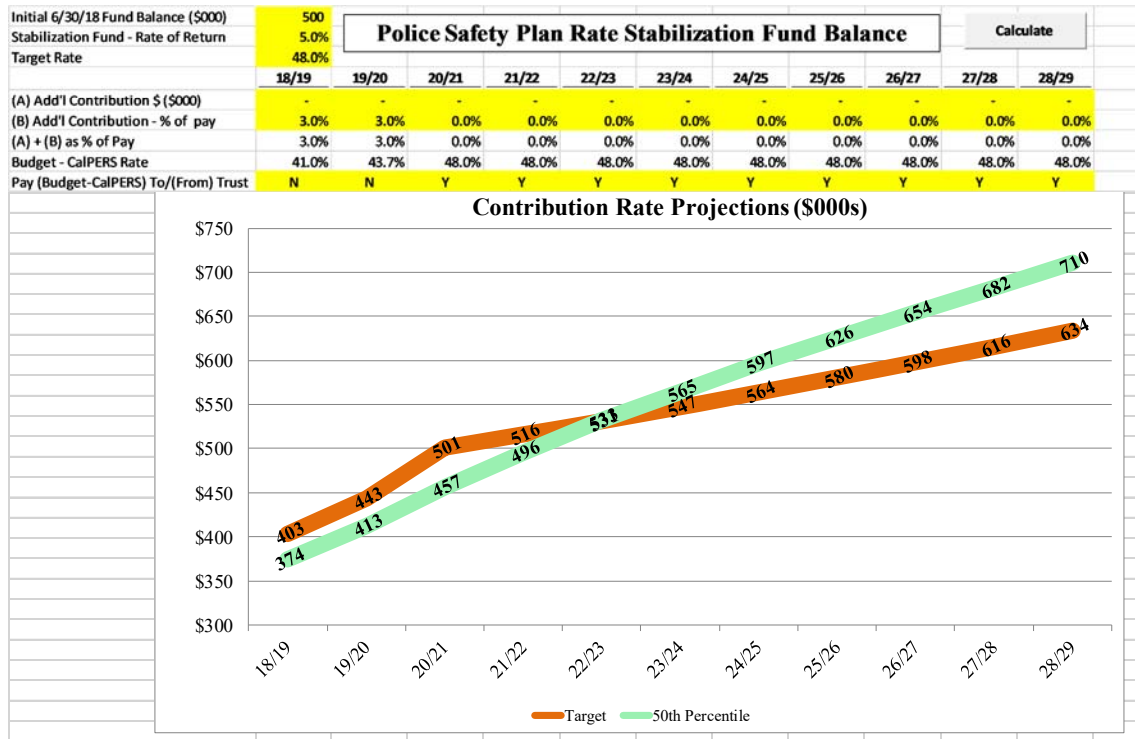


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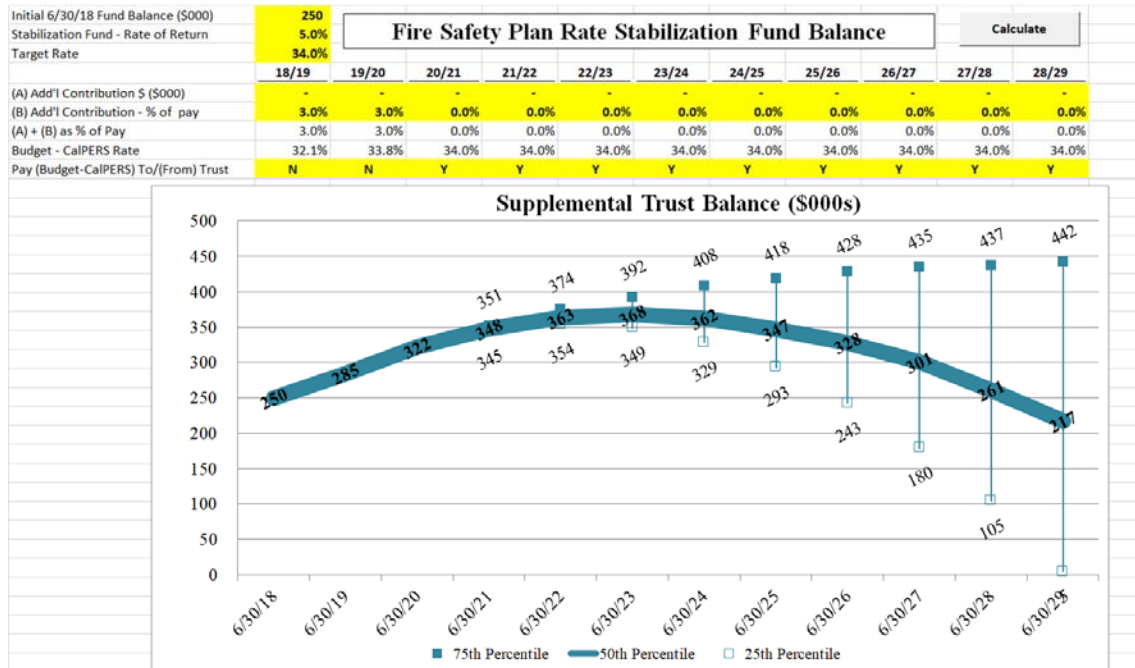


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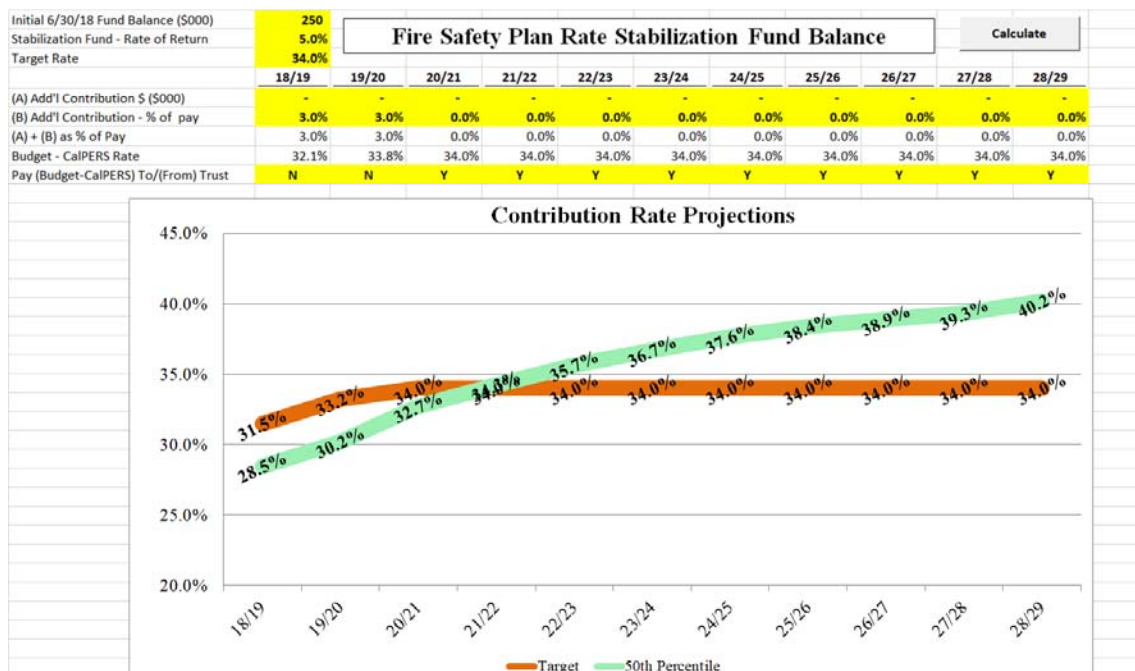


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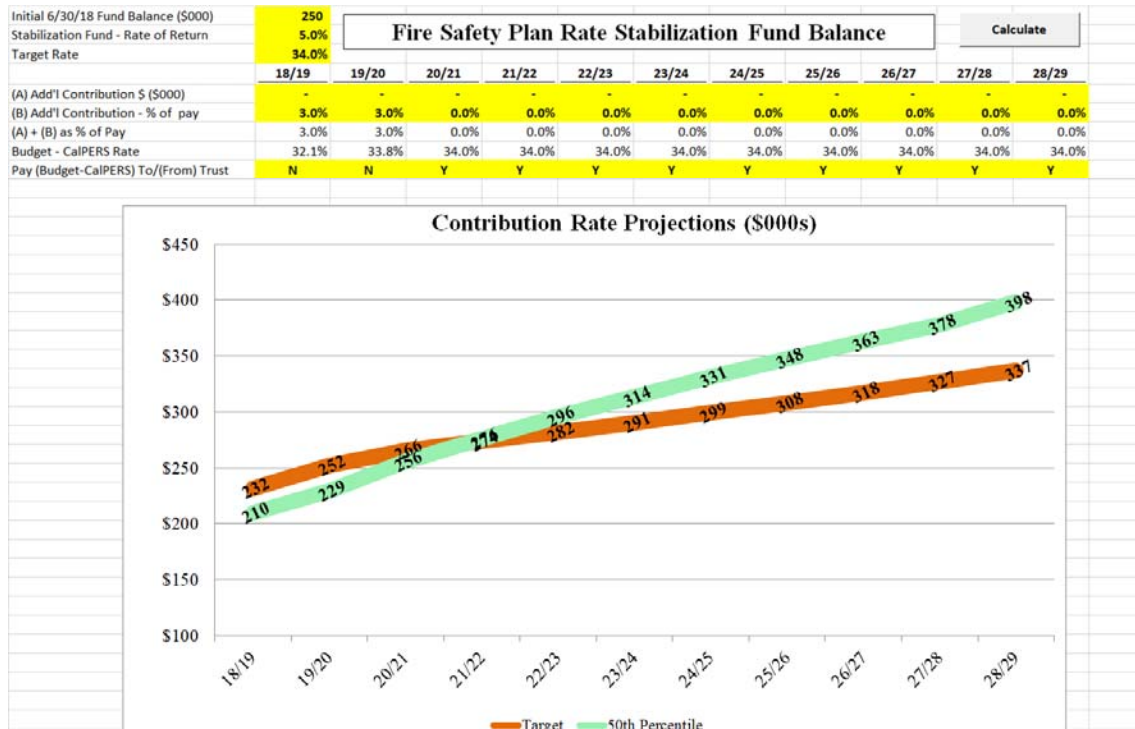


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IRREVOCABLE SUPPLEMENTAL (\$115) PENSION TRUST

Safety Fire Contribution Savings with \$250k Applied to Longest Base (\$000s)

Year	Savings	Year	Savings
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19/20	8	34/35	24
20/21	11	35/36	27
21/22	15	36/37	25
22/23	19	37/38	26
23/24	19	38/39	28
24/25	19	39/40	30
25/26	19	40/41	30
26/27	20	41/42	30
27/28	22	42/43	29
28/29	21	43/44	29
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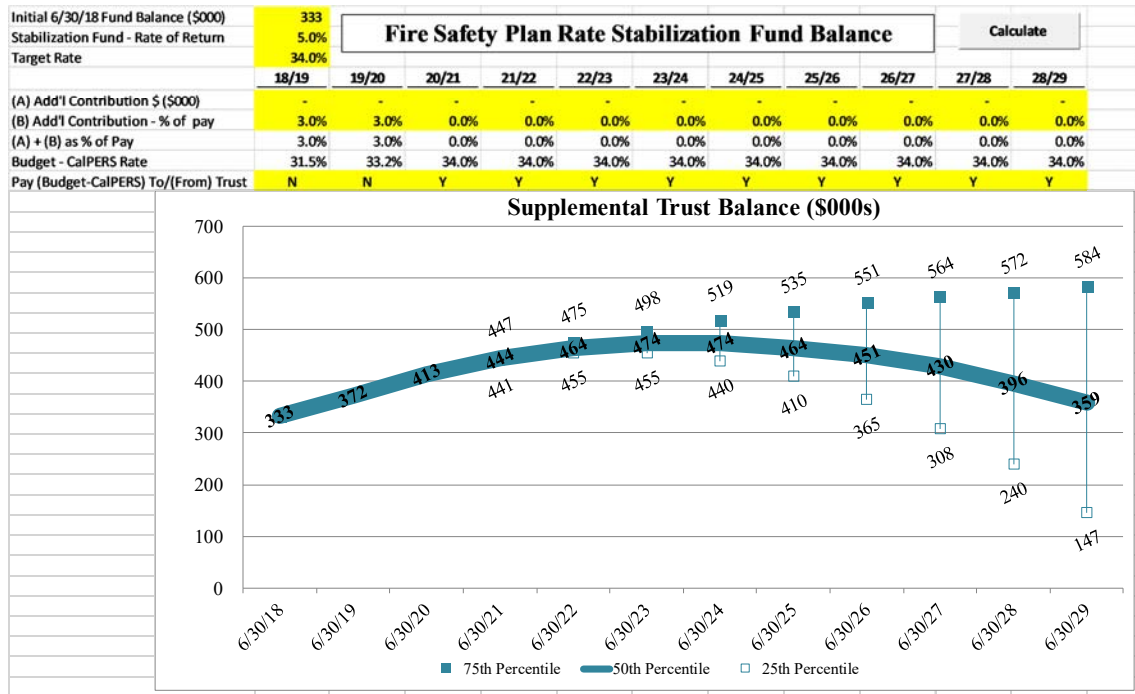


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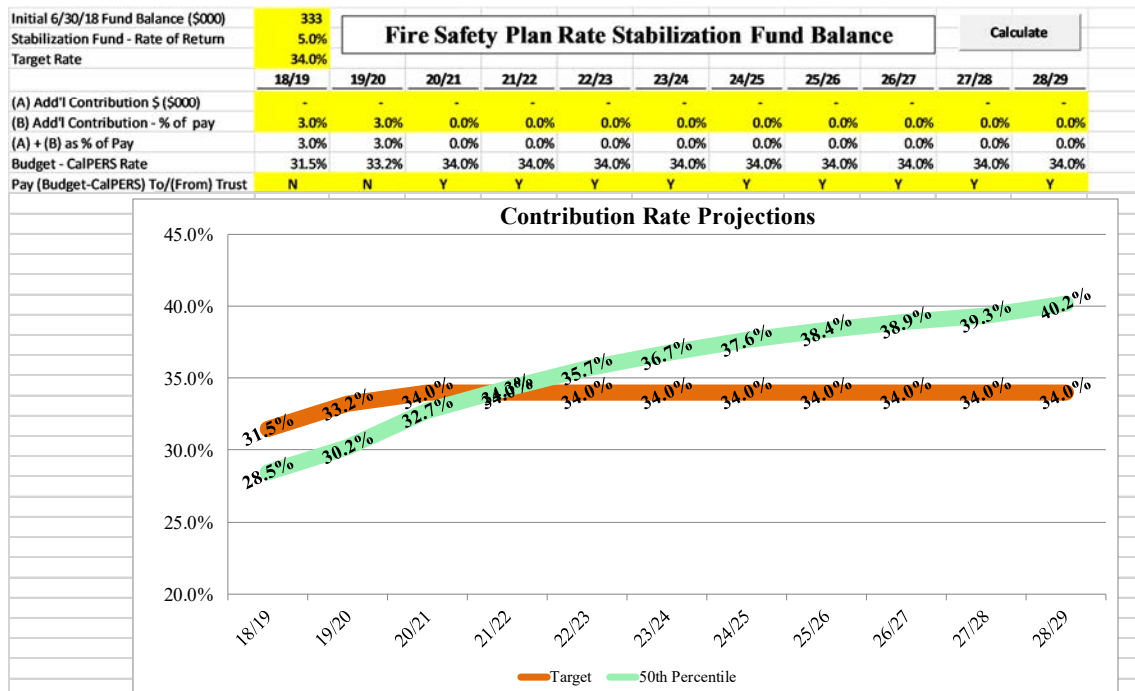


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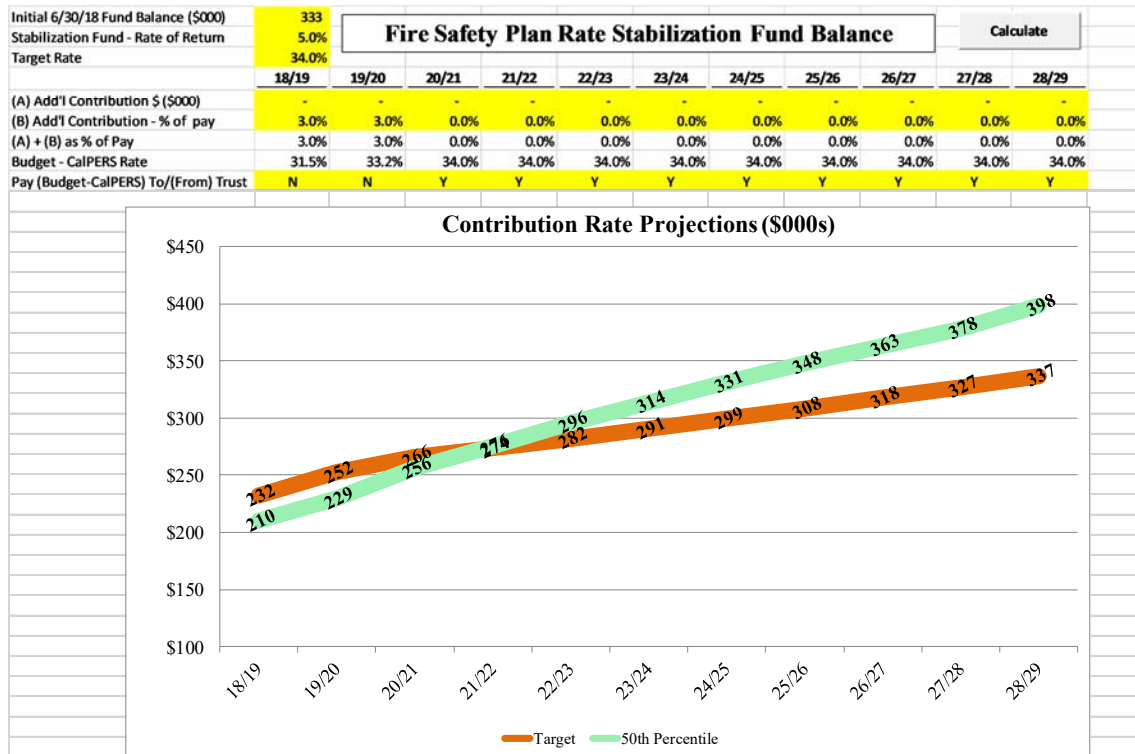


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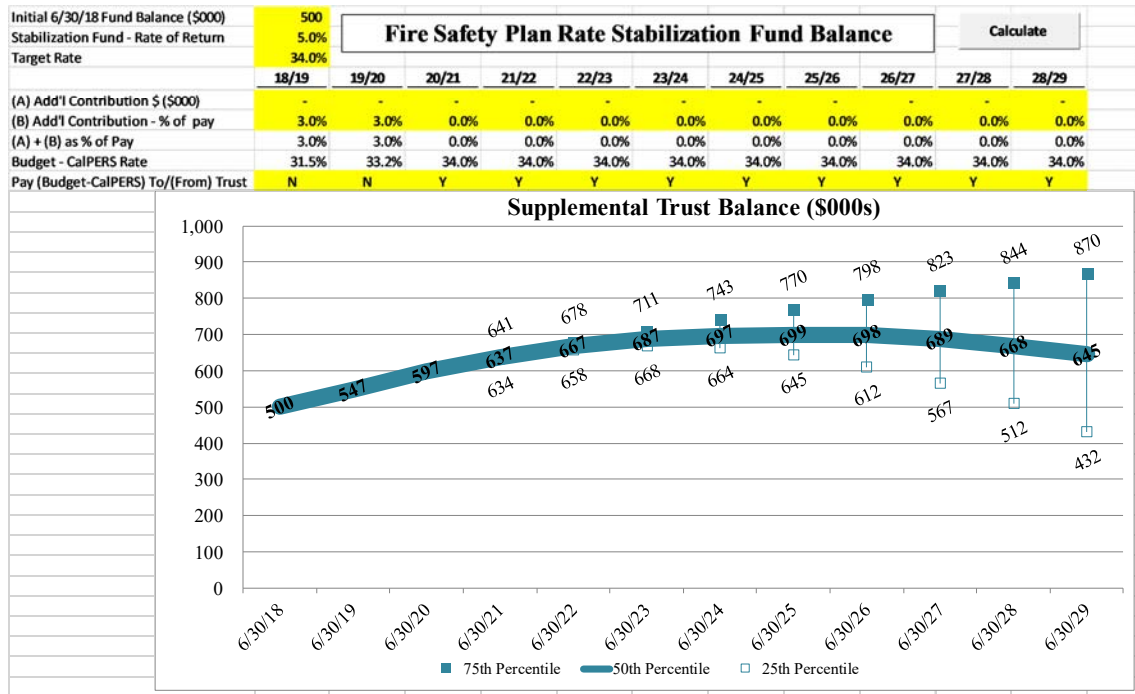


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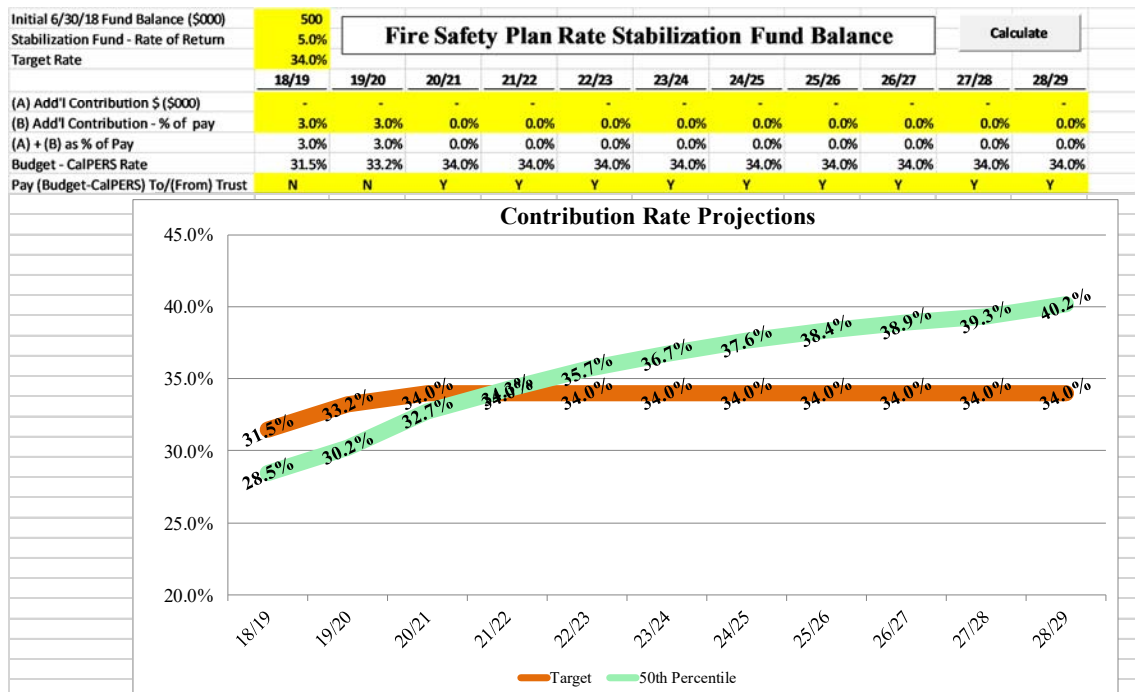


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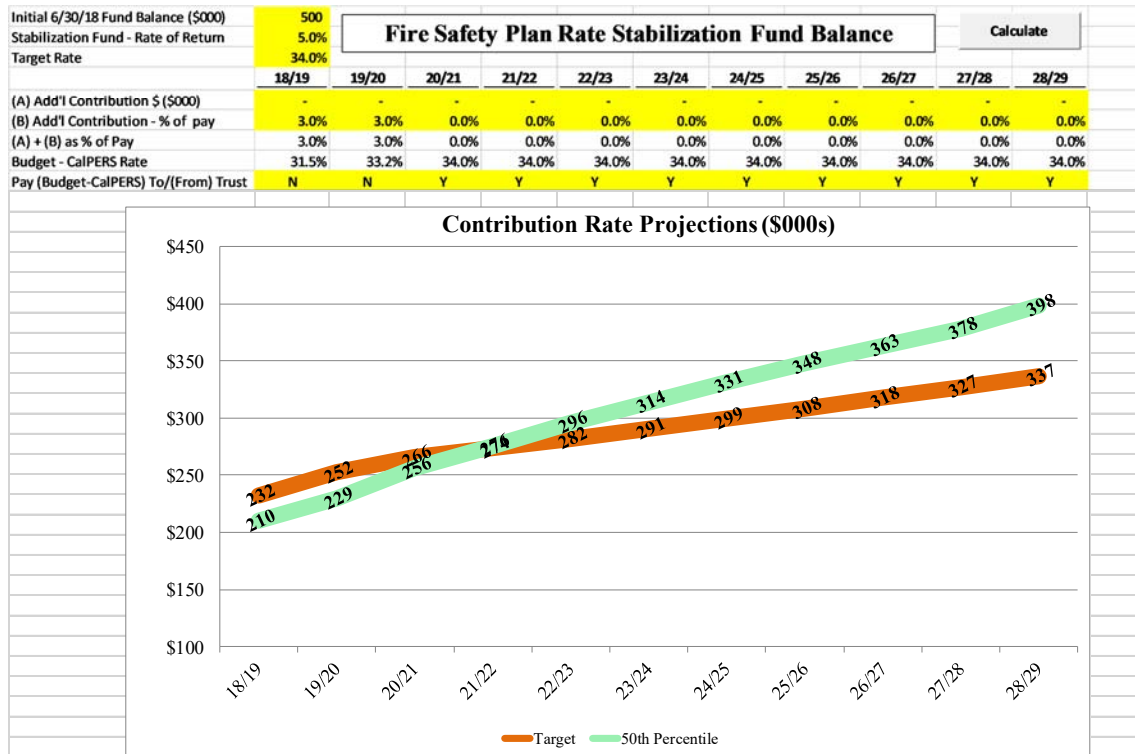


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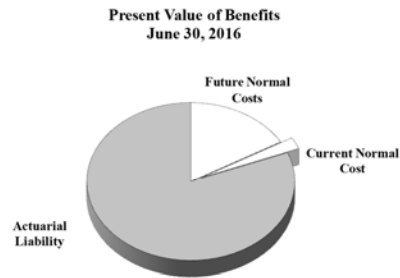


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DEFINITIONS



- **PVB - Present Value of all Projected Benefits:**
 - Discounted value (at valuation date - 6/30/16), of all future expected benefit payments based on various (actuarial) assumptions
- **Actuarial Liability:**
 - Discounted value (at valuation date) of benefits earned through valuation date [value of past service benefit]
 - Portion of PVB “earned” at measurement
- **Current Normal Cost:**
 - Portion of PVB allocated to (or “earned” during) current year
 - Value of employee and employer current service benefit

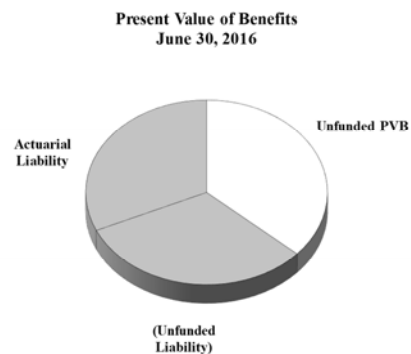
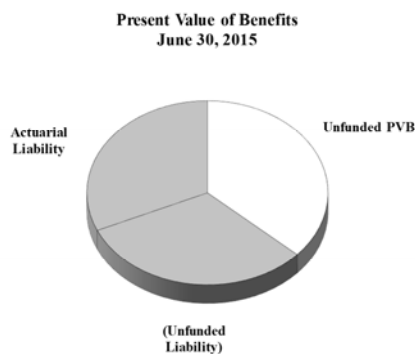


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DEFINITIONS



- **Target-** Have money in the bank to cover Actuarial Liability (past service)
- **Unfunded Liability** - Money short of target at valuation date
- **Excess Assets / Surplus:**
 - Money over and above target at that point in time
 - Doesn't mean you're done contributing
- **Super Funded:**
 - Assets cover whole pie (PVB)
 - If everything goes exactly like PERS calculated, you'll never have to put another (employer or employee) dime in



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